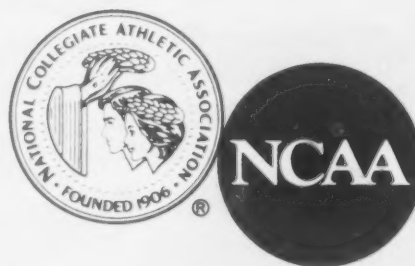


Revenues and expenses of intercollegiate athletics programs

**Analysis of financial trends and relationships
1985-1989**



by Mitchell H. Raiborn, Ph.D., CPA
Professor of Accounting
Bradley University

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Preface and Acknowledgments

The 1990 edition of *Revenues and Expenses of Intercollegiate Athletics Programs* analyzes revenues and expenses of intercollegiate athletics programs of NCAA member institutions during the four-year period ending with fiscal year 1988-89. This report updates the financial trends previously published in 1986, 1982 and 1978. As an independent consultant, I have served as the primary researcher and author of these publications. These research studies provide significant information concerning the revenue-expense structure, financial trends and profiles of NCAA intercollegiate athletics programs. The current publication should be of interest to administrators, policy-making groups and management-level personnel who are concerned with increasing program costs, resource-allocation decisions and related matters of financing intercollegiate athletics programs.

This study was financed by a research grant from the National Collegiate Athletic Association. I wish to thank NCAA Executive Director Richard D. Schultz, the Executive Committee and the Research Committee for their approval and continued support of this project. I also express appreciation to the 454 NCAA member institutions that submitted completed questionnaires. Finally, special thanks go to DeAnn Caprio, my research colleague, for her expert data-base analysis and many constructive ideas. We enjoyed working on the project and believe that the information presented in this report will find many productive uses in athletics administration and other research. With appropriate NCAA approval, we are able to provide comparative studies for specific institutions and service other data-base needs for research purposes. We welcome your inquiries concerning these services.

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CHAPTER I

INTRODUCTION

To accomplish their educational and social objectives, intercollegiate athletics programs require significant commitments of human, physical and monetary resources. The administration of athletics programs employs thousands of individuals and involves significant annual expenditures and investments in physical facilities. During the early 1980s, many athletics programs were expanded by adding new sports, hiring more personnel and extending the opportunity of sports participation to a larger number of student-athletes. Between 1985 and 1989, many institutions decreased their number of varsity-level sports. The annual cost to operate an intercollegiate athletics program must be financed by funds generated by the athletics program or from other sources. The economic implications of managing an intercollegiate athletics program are of continuing significance to university administrators.

Objectives of the Study

When intercollegiate athletics programs are viewed as organizations requiring substantial financial commitment, their revenues, expenses and other financial relationships provide useful information for program administrators. For comparative evaluation purposes, these administrators effectively can use information concerning the revenue and expense trends of similar programs. Accordingly, there is a continuing need to document the revenue-expense trends and aggregate financial impact of intercollegiate athletics programs.

The primary purpose of this study is to analyze the revenues and expenses of NCAA intercollegiate athletics programs during fiscal years 1984-85 through 1988-89. Similar research studies were published by the NCAA in 1970, 1978, 1982 and 1986. The 1990 edition of *Revenues and Expenses of Intercollegiate Athletics Programs* comparatively updates financial trend information regarding total program revenues and expenses, revenues and expenses of men's and women's athletics, revenues and expenses directly related to major sports, and certain nonfinancial data such as number of sports and number of participating athletes. Specific objec-

tives of this study are to:

1. Provide a statistical description of the significant revenue and expense categories that are typical of athletics programs;
2. Measure the trends and changes in principal revenues and expenses during the four-year period from 1985-86 through 1988-89;
3. Identify factors, conditions or developments that tend to explain the reasons underlying revenue-expense trends;
4. Extend on a selective basis certain financial information so that general trends from 1981 to 1989 are available readily to users of this report, and
5. Determine any significant changes that have occurred in the general profile of athletics programs regarding sources of revenue and percentage composition of total operating expenses.

Research Methods

To obtain the necessary information for this study, a questionnaire was distributed to all 803 NCAA member institutions on October 15, 1989. The NCAA members were classified into seven groups based upon the criteria of dominance of particular sports within the program and relative program strength as determined by the nature of scheduled opposition. The resulting classifications group colleges and universities that are relatively comparable in athletics-program activities and underlying revenue-expense structure.

The classifications applied to member institutions on September 1, 1989, and related criteria follow:

- *Division I-A.* This group included 106 institutions classified Division I-A in football in accordance with the provisions of NCAA Bylaw 20 (1989-90 NCAA Manual). Such institutions must play at least 60 percent of their regular-season football games against other members of Division I-A and must satisfy attendance and certain other criteria.
- *Division I-AA.* This group included 89 institutions classified Division I-AA in football. These

institutions must play more than 50 percent of their regular-season football games against Division I-A or Division I-AA institutions.

- *Division I-AAA.* This group consisted of 99 Division I institutions that do not sponsor intercollegiate football or that classify their football programs in either Division II or Division III.

- *Division II With Football.* This classification included 116 institutions classified Division II in football. The general distinction between Division I and II lies in the relative strength of scheduled football opponents.

- *Division III With Football.* This group consisted of 213 institutions classified Division III in football. Division II and III institutions differ in football primarily on the extent and nature of financial aid awarded and the relative degree of football competitiveness with similar colleges.

- *Division II-No Football.* This class consisted of 77 institutions that do not sponsor intercollegiate football and are classified Division II in basketball and other sports.

- *Division III-No Football.* The final grouping included 103 institutions that do not sponsor intercollegiate football and are classified Division III in basketball and other sports.

A total of 454 institutions, representing 57 percent of the NCAA membership, returned completed questionnaires. Table 1.1 summarizes the respondents by NCAA divisions. This summary shows that the 454 respondents are distributed proportionately in accordance with the division structure of all 803 NCAA members. For example, Division I-AA institutions represented 11 percent of the total NCAA members, and they provided 12 percent of the completed questionnaires. A proportionate representation by each respondent category is desirable but not essential, since the information in this study is summarized for each specific class of institution.

tution.

The questionnaire requested revenue and expense information for selected years. Total revenues and total operating expenses were obtained for fiscal years ending in 1986, 1987, 1988 and 1989. Most other financial data and operating information were obtained only for the fiscal year ending in 1989. Thus, most financial trend information is presented for comparative purposes in four-year intervals, such as 1981, 1985 and 1989.

Many institutions have different fiscal years, but the annual data included in this study cover 12-month intervals for all respondents. The general designation of fiscal year 1988-89 refers to a 12-month accounting period that began in 1988 and ended in 1989. This 12-month period is designated in this study as fiscal year 1989.

Comparative Profile of Athletics Programs

To indicate the comparative general profile of each respondent category, Table 1.2 presents financial and operational highlights for fiscal years 1985 and 1989. Average total revenues and expenses of men's and women's athletics on a combined basis increased substantially during the period 1985-1989. Five respondent categories also reported a decrease in the number of participating athletes between 1985 and 1989. Except for Division I-A, average total expenses in 1989 exceeded average total revenues in every class. The comparative financial highlights in Table 1.2 support the opinion expressed by 54 percent of all respondents that the problem of increased costs for athletics programs is serious and that methods are needed to control major expenses and eliminate unnecessary costs. In 1985, 62 percent of all respondents expressed the same opinion, compared with 72 percent expressing this opinion in 1981. The perception

TABLE 1.1
SUMMARY OF PARTICIPATING INSTITUTIONS
February 28, 1990

NCAA Division	NCAA Membership on September 1, 1989		Number of Respondents	Percentage of		Number of Responding Institutions	
	Number	Percentage		Division	454	Government Supported	Privately Financed
Division I-A	106	13%	87	82%	19%	60	27
Division I-AA	89	11	55	62	12	44	11
Division I-AAA	99	12	56	57	12	24	32
II With Football	116	14	60	52	13	46	14
II-No Football	77	10	34	44	8	16	18
III With Football	213	27	100	47	22	15	85
III-No Football	103	13	62	60	14	14	48
	<u>803</u>	<u>100%</u>	<u>454</u>		<u>100%</u>	<u>219</u>	<u>235</u>
Response Rate: 454 of 803 = 57%			Percentage of 454 Respondents:			<u>48%</u>	<u>52%</u>

that increased costs are a serious problem appears to follow the general pattern of inflation, which was much higher in 1981 than in 1989.

As reported in 1986, the growth of women's intercollegiate sports was a significant factor in many athletics programs. The revenues and expenses of men's and women's athletics programs were analyzed separately in the 1986 report. In 1989, many Division I-A respondents reported women's athletics programs with annual operating expenses of more than \$2 million. The financial profiles in Table 1.2 and throughout this study include men's intercollegiate athletics and women's intercollegiate athletics on a combined basis, unless indicated otherwise. Comparative information from the 1986 report has been restated as necessary to present men's and women's athletics programs on a combined basis.

Organization of the Report

The questionnaire used in this survey contained the following three parts:

- Part I—General Information,

- Part II—Organization and Activity Data, and
- Part III—Revenue and Expense Information.

Questionnaire Part I presented nine questions about program objectives, financial policies and specific factors affecting financial trends. Replies to these questions are reported throughout the study. Part I of the questionnaire and tabulated replies are presented for reference purposes in Appendix A and Appendix B, respectively. Revenue trends and related information are discussed in Chapter II. Chapter III presents expense trends and related analysis. Revenue and expense relationships are analyzed in Chapter IV.

It should be emphasized that averages are used extensively throughout the study. Individual institutions may have experienced revenue and expense patterns different from those shown by averages for a group of respondents. In many cases, averages are supplemented with detailed frequency distributions that summarize data reported by all respondents. To the extent that conclusions are based upon average measure, these conclusions are generalizations and represent an overall pattern that specific institutions can use for comparative assessment of their own financial trends.

TABLE 1.2
FINANCIAL AND OPERATIONAL HIGHLIGHTS*

Fiscal Years 1985 and 1989
(Dollar Amounts in Thousands)

Financial and Operational Measures	I-A	I-AA	I-AAA	Division II		Division III	
				With FB	No FB	With FB	No FB
Average Total Revenues							
Fiscal year 1989 (1988-89)	\$9,685	\$2,409	\$1,197	\$ 714	\$429	\$118	\$133
Fiscal year 1985 (1984-85)	6,833	1,616	609	469	349	70	97
Percentage increase	42%	49%	97%	52%	23%	69%	37%
Average Total Expenses							
Fiscal year 1989	\$9,646	\$3,191	\$1,911	\$1,161	\$797	\$518	\$278
Fiscal year 1985	6,894	2,321	1,072	875	547	397	157
Percentage increase	40%	37%	78%	33%	46%	30%	77%
Average Number of Sports							
Fiscal year 1989	18	17	15	14	11	18	13
Fiscal year 1985	19	20	17	17	15	19	14
Average Number of Athletes							
Fiscal year 1989	468	369	239	333	174	387	216
Fiscal year 1985	434	409	233	394	234	400	233

*Unless indicated otherwise, all information reported in this study involves men's and women's athletics programs on a combined basis.

CHAPTER II

ANALYSIS OF REVENUES

Revenue is a financial measure of gross income earned and certain other funds collected by an organization. For profit-oriented business enterprises, revenue is gross income earned through the process of providing goods and services in exchange for a specified price. For nonprofit organizations, revenue

includes earned gross income and all other additions to resources that do not increase liabilities, do not represent the recovery of expenditures and do not represent contributions to capital. This latter concept has been used to define revenues of intercollegiate athletics programs.

TABLE 2.1
SUMMARY ANALYSIS OF TOTAL REVENUES*

Fiscal Years 1982-1989
(Dollar Amounts in Thousands)

Revenue Measures by Respondent Category	1982	1983	1984	1985	1986	1987	1988	1989	1986-1989 Compound Growth Rate
Division I-A									
Largest amount reported	\$12,700	\$16,495	\$17,677	\$17,803	\$18,086	\$26,115	\$21,384	\$22,717	
Average total revenues	4,916	5,924	6,496	6,833	7,600	8,351	8,785	9,685	8%
Annual percentage change (a)	3%	21%	10%	5%	11%	10%	5%	10%	
Division I-AA									
Largest amount reported	\$2,819	\$3,260	\$3,672	\$3,776	\$4,168	\$4,825	\$6,127	\$7,715	
Average total revenues	1,170	1,335	1,423	1,616	1,834	1,949	2,096	2,409	9%
Annual percentage change	23%	14%	7%	14%	13%	6%	8%	15%	
Division I-AAA									
Largest amount reported	\$1,773	\$2,161	\$2,195	\$2,379	\$2,682	\$2,948	\$3,261	\$3,608	
Average total revenues	402	462	477	509	901	941	1,074	1,197	10%
Annual percentage change	-23%	15%	3%	28%	48%	4%	14%	11%	
II With Football									
Largest amount reported	\$1,128	\$1,239	\$1,302	\$1,382	\$2,046	\$2,215	\$2,435	\$2,562	
Average total revenues	306	340	384	469	543	581	613	714	9%
Annual percentage change	15%	11%	13%	22%	16%	7%	6%	16%	
II-No Football									
Largest amount reported	\$1,207	\$1,110	\$1,421	\$1,248	\$1,307	\$1,054	\$2,342	\$2,500	
Average total revenues	210	237	268	349	316	307	396	429	11%
Annual percentage change	63%	13%	13%	30%	-9%	-3%	29%	8%	
III With Football									
Largest amount reported	\$661	\$1,150	\$1,088	\$1,551	\$695	\$760	\$909	\$1,041	
Average total revenues	35	43	45	70	80	86	98	118	14%
Annual percentage change	-44%	23%	5%	56%	14%	8%	14%	20%	
III-No Football									
Largest amount reported	\$282	\$355	\$359	\$599	\$349	\$350	\$385	\$712	
Average total revenues	42	46	51	97	46	56	77	133	42%
Annual percentage change	-7%	10%	11%	90%	-53%	22%	38%	73%	

*Unless indicated otherwise, all information in this study involves men's and women's athletics programs on a combined basis.

(a) Annual percentage change based on average total revenues.

Revenues of an athletics program include ticket sales for athletics events, student activity fees, broadcasting fees from television and radio, income from investments, and other receipts that are intended to support operations of the program, such as alumni contributions and government appropriations. Revenues include guarantees and options received by an institution from opposing teams under game contracts. Amounts paid to visiting teams under game contracts are included in operating expenses.

Sections in this chapter analyze total revenues of athletics programs, revenues of men's and women's athletics, revenues classified by source, and revenues classified by sport. The Revenue Graphics Section at the end of this chapter summarizes important revenue relationships for each respondent group.

Analysis of Total Revenues

Total revenues for the four-year period 1986-1989

and other selected years are analyzed in the following tables:

- Table 2.1—Summary Analysis of Total Revenues,
- Table 2.2—Frequency Distributions for Total Revenues,
- Table 2.3—Total Revenues of Men's and Women's Athletics Programs,
- Table 2.4—Frequency Distributions for Men's Total Revenues,
- Table 2.5—Frequency Distributions for Women's Total Revenues,
- Table 2.6—Revenue Trends and General Price-Level Changes,
- Table 2.7—Estimated Aggregate Revenues, and
- Table 2.8—Forecasts of Average Total Revenues.

Total Revenue Trends

Average total revenues and the largest amounts reported are presented by respondent category in

TABLE 2.2
FREQUENCY DISTRIBUTIONS FOR TOTAL REVENUES

Fiscal Year 1989
(Dollar Amounts in Thousands)

Division I-A			Division I-AA			Division I-AAA		
More Than	Less Than	Number	More Than	Less Than	Number	More Than	Less Than	Number
\$ 0	\$ 2,000	6	\$ 0	\$ 500	6	\$ 0	\$ 200	12
2,000	4,000	6	500	1,000	2	200	400	5
4,000	6,000	13	1,000	1,500	6	400	600	6
6,000	8,000	13	1,500	2,000	7	600	800	2
8,000	10,000	15(M)	2,000	2,500	8(M)	800	1,000	4
10,000	12,000	7	2,500	3,000	10	1,000	1,200	4(M)
12,000	14,000	5	3,000	3,500	4	1,200	1,400	4
14,000	16,000	7	3,500	4,000	5	1,400	1,600	0
16,000	18,000	7	4,000	4,500	1	1,600	1,800	6
18,000		8	4,500		5	1,800		13
		<u>87</u>			<u>54</u>			<u>56</u>
Std dev = \$5,531			Std dev = \$1,470			Std dev = \$1,029		
II With Football			II-No Football			III With Football		
More Than	Less Than	Number	More Than	Less Than	Number	More Than	Less Than	Number
\$ 0	\$ 150	11	\$ 0	\$ 100	13	\$ 0	\$ 25	44
150	300	12	100	200	2	25	50	11
300	450	6	200	300	3	50	75	6
450	600	3	300	400	3	75	100	1
600	750	4(M)	400	500	2(M)	100	125	1(M)
750	900	7	500	600	1	125	150	0
900	1,050	1	600	700	1	150	175	0
1,050	1,200	1	700	800	2	175	200	0
1,200	1,350	3	800	900	0	200	225	3
1,350		11	900		6	225		16
		<u>59</u>			<u>33</u>			<u>82</u>
Std dev = \$674			Std dev = \$534			Std dev = \$210		
III-No Football								
More Than	Less Than	Number						
\$ 0	\$ 30	19						
30	60	5						
60	90	1						
90	120	0						
120	150	1(M)						
150	180	1						
180	210	4						
210	240	2						
240	270	1						
270		7						
		<u>41</u>						
Std dev = \$178								

(M) Indicates revenue interval corresponding with average total revenues for 1989.

Table 2.1 for the eight-year period 1982-1989. Average total revenues indicate a general pattern of annual revenue growth for all respondents. Revenue growth is indicated by the annual percentage change in average total revenues.

Table 2.1 also indicates a compound growth rate applicable to average total revenues of each respondent group during the period 1986-1989. The compound growth rate is the annual percentage increase that explains the change in average total revenues for the most recent three-year period. For example, Division I-A average revenues increased from \$7,600,000 in 1986 to \$9,685,000 in 1989. The equal annual percentage growth rate that explains this increase is eight percent. Except for Division III With Football, the 1986-89 revenue growth rates are significantly lower than growth rates for the period 1982-1985.

Frequency distributions for total revenues in 1989 are shown in Table 2.2. These distributions indicate the spread or dispersion in total revenue data reported by each class and are useful interpretive supplements to the average amounts shown in Table 2.1. The frequency distributions reveal a significant range in total revenues reported by each class in 1989. For example, six Division I-A institutions reported total revenues of \$2 million or less, and eight respondents in this group had total revenues exceeding \$18 million. In general, the frequency distributions permit a specific institution to

evaluate its total revenues in relation to other institutions in the same category.

The average total revenues of men's and women's athletics programs are presented in Table 2.3. Average total revenues of men's and women's athletics have increased significantly since 1981. Women's revenue amounts reported for 1981 and 1985 are the revenues directly related to women's athletics. For 1989, the revenues of women's programs include a reasonable allocation of revenue items that are not related directly to either men's or women's sports, such as investment income, alumni contributions and certain student activity fees. The questionnaire provided a revenue-allocation example. On an aggregate basis, women's athletics provided six percent of 1989 total revenues for Division I-A, ranging to a high of 31 percent for Division III-No Football. Frequency distributions for total revenues of men's athletics programs are shown in Table 2.4. Comparable details for total revenues of women's athletics are presented in Table 2.5.

Evaluation of Revenue Growth

Revenue growth during the period 1986-1989 can be evaluated by comparison with general inflationary trends. Inflation or general price-level changes affect the comparability of revenue trends over a period of years. Almost all financial information for athletics programs involves the inflow of revenues

TABLE 2.3
TOTAL REVENUES OF MEN'S AND WOMEN'S ATHLETICS PROGRAMS
Fiscal Years 1981-1989
(Dollar Amounts in Thousands)

Average Revenues by NCAA Division	1981	1985	1989	Percentage of 1989 Total Revenues
Division I-A				
Men's program	\$4,635	\$6,731	\$9,144	94%
Women's program	138	129	621	6
Division I-AA				
Men's program	917	1,534	2,141	89
Women's program	41	133	284	11
Division I-AAA				
Men's program	476	598	988	83
Women's program	44	18	255	17
II With Football				
Men's program	248	419	549	77
Women's program	19	75	175	23
II-No Football				
Men's program	102	282	354	75
Women's program	27	125	120	25
III With Football				
Men's program	56	71	79	80
Women's program	7	8	48	20
III-No Football				
Men's program	30	95	97	69
Women's program	15	12	48	31

and spending of funds on a current annual basis. Historical trends of revenues and expenses therefore are affected by changes in the general price level of the economy. Over a period of years, price-level changes would cause increased annual expenses for an athletics program that perhaps experienced no real increase in the quantity of goods and services used. Since most athletics programs generate revenues to recover operating expenses, revenue trends likewise are affected by inflationary trends that reduce the purchasing power of money.

As an indicator of the general price level in the United States, the measure used most frequently is the Consumer Price Index for All Urban Consumers (CPI-U) compiled by the U.S. Department of Labor. During the period from 1986 through 1989, based on fiscal years approximating those applicable to universities, the average CPI-U increased 13 percent. The cumulative change during this period is equal to an annual increase of 4.4 percent in the general price level. Accordingly, an athletics program with an annual revenue growth rate of less than four per-

cent failed to maintain its relative ability to acquire goods and services with those funds.

Revenue trends and general price-level changes for the period 1986-1989 are compared in Table 2.6. The average CPI-U was restated for comparative purposes such that the average index for fiscal year 1986 is 100 percent. For each respondent category, average total revenues are shown as a percentage of 1986 revenues, based on both actual dollar amounts and revenues restated to the average price level of fiscal year 1986.

The inflation-adjusted base-year ratio in Table 2.6 indicates the cumulative change in average total revenues based on a constant-dollar measure using the average price level of fiscal year 1986. Restatement of average revenues in constant dollars eliminates the inflationary effect that was partly responsible for revenue growth measured in actual dollars. The adjusted base-year ratio is a measure of real revenue growth because it is based on dollars of constant purchasing power. It should be noted that base-year ratios in Table 2.6 would be the same even if revenues were restated to the price

TABLE 2.4
FREQUENCY DISTRIBUTIONS FOR MEN'S TOTAL REVENUES

Fiscal Year 1989
(Dollar Amounts in Thousands)

Division I-A			Division I-AA			Division I-AAA		
More Than	Less Than	Number	More Than	Less Than	Number	More Than	Less Than	Number
\$ 0	\$ 2,000	6	\$ 0	\$ 500	6	\$ 0	\$ 200	12
2,000	4,000	11	500	1,000	3	200	400	7
4,000	6,000	12	1,000	1,500	12	400	600	4
6,000	8,000	13	1,500	2,000	4	600	800	6
8,000	10,000	13(M)	2,000	2,500	13(M)	800	1,000	4(M)
10,000	12,000	4	2,500	3,000	4	1,000	1,200	5
12,000	14,000	7	3,000	3,500	4	1,200	1,400	2
14,000	16,000	6	3,500	4,000	4	1,400	1,600	2
16,000	18,000	9	4,000	4,500	0	1,600	1,800	2
18,000		5	4,500		4	1,800		12
		<u>86</u>			<u>54</u>			<u>56</u>
II With Football			II-No Football			III With Football		
More Than	Less Than	Number	More Than	Less Than	Number	More Than	Less Than	Number
\$ 0	\$ 100	9	\$ 0	\$ 60	10	\$ 0	\$ 15	35
100	200	9	60	120	3	15	30	8
200	300	6	120	180	0	30	45	8
300	400	3	180	240	3	45	60	4
400	500	6	240	300	0	60	75	0
500	600	2(M)	300	360	2(M)	75	90	1(M)
600	700	3	360	420	2	90	105	0
700	800	6	420	480	2	105	120	0
800	900	0	480	540	0	120	135	0
900		12	540		6	135		13
		<u>56</u>			<u>28</u>			<u>69</u>
III-No Football								
More Than	Less Than	Number						
\$ 0	\$ 20	13						
20	40	1						
40	60	0						
60	80	1						
80	100	0(M)						
100	120	0						
120	140	1						
140	160	3						
160	180	0						
180		4						
		<u>23</u>						

(M) Indicates interval corresponding with average men's total revenues for 1989.

level of another time period, such as fiscal year 1989.

Base-year ratios in Table 2.6 should be interpreted as follows. For Division I-AA, 1989 average revenues are 131 percent of the 1986 average, which indicates a 31 percent increase in actual revenues. When the effect of inflation is eliminated, Division I-AA revenues in 1989 are 116 percent of 1986 average revenues. In general terms, this 16 percent increase in the adjusted base-year ratio represents real revenue growth caused by increased attendance at athletics events or other revenue increases that exceeded changes in the general price level.

During the period 1986-1989, a 13 percent increase in actual revenues was required to maintain revenue growth at a rate equal to general price-level changes measured by the Consumer Price Index. For 1989, the actual base-year ratio of each class is greater than 113 percent, which indicates that revenue growth for all respondent categories exceeded changes in the general price level. An adjusted base-year ratio below 100 percent would indicate a decrease in total revenues when adjusted for inflation.

Revenue Estimates and Forecasts

To measure the general economic significance of athletics programs, aggregate total revenues of all NCAA member institutions in fiscal year 1989 are estimated in Table 2.7. Assuming that the respondents from each class are a representative sample, the estimate of aggregate total revenues collected by all NCAA members during fiscal year 1989 is \$1.51 billion. Most institutions reported total revenues that were less than total operating expenses. Aggregate total expenses for 1989 were estimated by similar procedures to be approximately \$1.8 billion for all NCAA members.

Based upon analysis of past revenue trends, forecasts of average total revenues were developed for each respondent category. Forecasts of average total revenues for 1990 through 1993 are presented in Table 2.8. The forecasts assume that economic and institutional factors influencing past trends will continue to affect future revenues. The predictive accuracy of these forecasts cannot be assured, but the estimates provide useful information about potential revenues to be expected in future years.

TABLE 2.5
FREQUENCY DISTRIBUTIONS FOR WOMEN'S TOTAL REVENUES

Fiscal Year 1989
(Dollar Amounts in Thousands)

Division I-A			Division I-AA			Division I-AAA		
More Than	Less Than	Number	More Than	Less Than	Number	More Than	Less Than	Number
\$ 0	\$ 150	28	\$ 0	\$ 50	18	\$ 0	\$ 50	23
150	300	7	50	100	6	50	100	3
300	450	2	100	150	4	100	150	2
450	600	10	150	200	0	150	200	2
600	750	5(M)	200	250	1	200	250	1
750	900	7	250	300	1(M)	250	300	2(M)
900	1,050	1	300	350	0	300	350	0
1,050	1,200	3	350	400	4	350	400	2
1,200	1,350	2	400	450	1	400	450	1
1,350		13	450		16	450		10
		<u>78</u>			<u>51</u>			<u>46</u>
II With Football			II-No Football			III With Football		
More Than	Less Than	Number	More Than	Less Than	Number	More Than	Less Than	Number
\$ 0	\$ 30	18	\$ 0	\$ 20	13	\$ 0	\$ 10	15
30	60	5	20	40	0	10	20	3
60	90	2	40	60	2	20	30	1
90	120	4	60	80	0	30	40	1
120	150	2	80	100	2	40	50	1(M)
150	180	4(M)	100	120	1(M)	50	60	1
180	210	3	120	140	1	60	70	0
210	240	1	140	160	0	70	80	0
240	270	1	160	180	0	80	90	0
270		11	180		9	90		6
		<u>51</u>			<u>28</u>			<u>28</u>
III-No Football								
More Than	Less Than	Number				More Than	Less Than	Number
\$ 0	\$ 10	10				\$ 0	\$ 10	10
10	20	2				10	20	2
20	30	1				20	30	1
30	40	0				30	40	0
40	50	0(M)				40	50	0(M)
50	60	2				50	60	2
60	70	0				60	70	0
70	80	1				70	80	1
80	90	1				80	90	1
90		4				90		4
		<u>21</u>						<u>21</u>

(M) Indicates interval corresponding with average women's total revenues for 1989.

Analysis of Revenue Sources

Intercollegiate athletics programs typically derive a significant portion of earned revenues from gate receipts and similar proceeds related to sports events. Other earned revenue sources include student activity fees that grant admission to athletics events and contract settlements in the form of guarantees and options. As summarized in Table 2.9, there are seven specific revenue sources that represent a substantial percentage of total revenues. These revenue sources are:

1. Total ticket sales to the public, students and university staff, not reduced by guarantees subsequently paid;
2. Student activity fees covering admissions, not included in (1);
3. Student activity fees or assessments not related to athletics admissions;
4. Guarantees and options received;
5. Contributions from alumni and others;
6. Distributions from conferences or other organizations for bowl games, tournaments and television, and
7. Direct state or other government support.

Principal Revenue Sources

The seven revenue sources described above are analyzed in Table 2.9. For fiscal year 1989, these seven revenue sources accounted for at least 84 percent of total revenues for all respondent groups. The respondent categories differ as to sources of revenue that provide the major portion of financial support

TABLE 2.7
ESTIMATED AGGREGATE REVENUES

Fiscal Year 1989
(Dollar Amounts in Thousands)

NCAA Division	Number of Members	Average Total Revenues 1989	Estimated Aggregate Revenues
Division I-A	106	\$9,685	\$1,026,610*
Division I-AA	89	2,409	214,401
Division I-AAA	99	1,197	118,503
II With Football	116	714	82,824
II-No Football	77	429	33,033
III With Football	213	118	25,134
III-No Football	103	133	13,699
	803		\$1,514,204

*(106 × \$9,685 = \$1,026,610)

TABLE 2.6
REVENUE TRENDS AND GENERAL PRICE-LEVEL CHANGES
Fiscal Years 1986-1989

Average Total Revenues as a Percentage of 1986 Average Revenues	1986	1987	1988	1989
Average Price-Level Index (a)	100%	104%	108%	113%
Division I-A				
Actual base-year ratio (b)	100%	110%	116%	127%
Inflation-adjusted ratio (c)	100	106	107	113
Division I-AA				
Actual base-year ratio	100	106	114	131
Inflation-adjusted ratio	100	102	106	116
Division I-AAA				
Actual base-year ratio	100	104	119	133
Inflation-adjusted ratio	100	100	110	118
II With Football				
Actual base-year ratio	100	107	113	131
Inflation-adjusted ratio	100	103	105	116
II-No Football				
Actual base-year ratio	100	97	125	136
Inflation-adjusted ratio	100	93	116	120
III With Football				
Actual base-year ratio	100	108	122	147
Inflation-adjusted ratio	100	104	113	130
III-No Football				
Actual base-year ratio	100	122	167	173
Inflation-adjusted ratio	100	117	155	153

(a) Average Consumer Price Index restated such that 1986 = 100 percent.

(b) Average total revenues as a percentage of 1986 revenues with no adjustment for inflation.

(c) Revised base-year ratio using average total revenues stated in terms of the average price level during 1986.

for their athletics programs. Division I-A institutions obtain significant revenue amounts from ticket sales and game contract settlements; the other respondent groups rely more upon student activity fees and assessments as primary revenue sources.

Table 2.9 shows the average dollar amount of each revenue source in 1989 and the aggregate percentage relationship to total revenues in 1989 and 1985. The average dollar amounts are based on the number of institutions providing data for each revenue source. The percentage measures are based on aggregate revenue data provided by all respondents within that division. Thus, for Division I-A, average guarantees and options received were \$792,000 and average student assessments were \$950,000. Guarantees and options in total represented eight percent of total revenues from all sources in 1989, while student assessments were only three percent of total revenues of all Division I-A respondents. The average amount of a specific revenue source may not coincide in significance with its percentage of total revenues. Percentage of total revenues is affected by the number of institutions reporting a particular revenue source and by the dollar amounts reported.

In general, four of the revenue sources are specifically related to athletics events: ticket sales, activity fees, guarantees and options, and distributions from conferences and other associations. On a combined basis, these four revenue sources have decreased as a percentage of total revenues for all Division I respondents, as shown by the following summary derived from Table 2.9.

Respondent Category	Combined Percentage of Total Revenues Related to Athletics Events (4 Sources)	
	1985	1989
I-A	66%	61%
I-AA	51	45
I-AAA	62	56
II With FB	55	28
II-No FB	24	25
III With FB	64	25
III-No FB	24	28

The three remaining principal revenue sources are unearned or passive in nature: student assessments, contributions and government support. Between 1985 and 1989, these unearned revenue sources increased in relative significance to total revenues for all respondents except Division III-No Football. This trend is shown by the following summary developed from Table 2.9.

Respondent Category	Unearned or Passive Revenues as Percentage of Total Revenues (3 Sources)	
	1985	1989
I-A	19%	23%
I-AA	39	43
I-AAA	22	31
II With FB	33	56
II-No FB	57	63
III With FB	28	59
III-No FB	59	56

Direct Government Support

Of the 454 respondents included in this study, 48 percent are government-supported institutions. Direct government support is a source of revenue that is applicable to many institutions but not applicable to others. The following tabulation compares the percentage of government-supported institutions included in the 1985 and 1989 surveys. In Table 2.10, revenue sources as a percentage of total revenues in 1989 are compared for government-supported and privately financed institutions.

Respondent Category	Government-Supported Institutions as a Percentage of Respondents		Government Support as a Percentage of Total Revenues	
	1985	1989	1985	1989
I-A	71%	69%	3%	5%
I-AA	72%	80%	17%	18%
I-AAA	41%	43%	1%	4%
II With FB ..	78%	77%	17%	25%
II-No FB ..	54%	47%	33%	40%
III With FB ..	14%	15%	2%	20%
III-No FB ..	38%	23%	13%	15%

TABLE 2.8
FORECASTS OF AVERAGE TOTAL REVENUES

Fiscal Years 1990-1993
(Dollar Amounts in Thousands)

NCAA Division	1989 Average Revenues	Forecasts of Average Total Revenues			
		1990	1991	1992	1993
Division I-A	\$9,685	\$10,400	\$11,300	\$12,200	\$13,200
Division I-AA	2,409	2,600	2,800	3,000	3,300
Division I-AAA	1,197	1,300	1,450	1,600	1,800
II With Football	714	800	850	900	1,000
II-No Football	429	480	520	580	640
III With Football	118	130	150	170	190
III-No Football	133	135	140	150	170

TABLE 2.9
ANALYSIS OF PRINCIPAL REVENUE SOURCES

Fiscal Years 1985 and 1989
(Dollar Amounts in Thousands)

Average Amount in 1989 and Percentage of Total Revenues	I-A		I-AA		I-AAA		Division II		Division III	
							With FB	No FB	With FB	No FB
Total ticket sales not reduced by contract settlements	\$ 3,399		\$ 438		\$238		\$ 93	\$ 44	\$ 16	\$ 3
Percentage of total-1989	35%		18%		20%		13%	9%	13%	2%
Percentage of total-1985	40		22		27		22	5	30	8
Student activity fees for athletics admissions	\$ 890		\$ 900		\$697		\$234	\$170	\$152	\$142
Percentage of total-1989	4%		18%		24%		12%	13%	11%	25%
Percentage of total-1985	3		21		26		27	15	17	14
Student assessments unrelated to admissions	\$ 950		\$1,259		\$811		\$360	\$326	\$237	\$229
Percentage of total-1989	3%		14%		17%		20%	13%	27%	35%
Percentage of total-1985	3		10		11		8	14	16	33
Guarantees and options received	\$ 792		\$ 145		\$ 39		\$ 25	\$ 10	\$ 2	\$ 2
Percentage of total-1989	8%		6%		3%		2%	2%	1%	1%
Percentage of total-1985	9		6		5		4	3	4	1
Contributions from alumni and others	\$ 1,546		\$ 299		\$151		\$102	\$ 54	\$ 32	\$ 12
Percentage of total-1989	15%		11%		10%		11%	10%	12%	6%
Percentage of total-1985	13		12		10		8	10	10	13
Bowl games, tournaments and television revenues	\$ 1,470		\$ 100		\$151		\$ 15	\$ 33	\$ 2	\$ 2
Percentage of total-1989	14%		3%		9%		1%	1%	0%	0%
Percentage of total-1985	14		2		4		2	1	13	1
Direct state or other government support	\$ 1,363		\$1,045		\$423		\$495	\$518	\$355	\$112
Percentage of total-1989	5%		18%		4%		25%	40%	20%	15%
Percentage of total-1985	3		17		1		17	33	2	13
All other revenues	\$ 1,558		\$ 301		\$181		\$158	\$ 73	\$ 50	\$ 35
Percentage of total-1989	16%		12%		13%		16%	12%	16%	16%
Percentage of total-1985	15		10		16		12	19	8	17

TABLE 2.10
**REVENUE SOURCES OF GOVERNMENT-SUPPORTED AND
PRIVATELY FINANCED INSTITUTIONS**

Fiscal Year 1989

Revenue Sources as a Percentage of Total Revenues	I-A		I-AA		I-AAA		Division II				Division III			
							With FB		No FB		With FB		No FB	
	Gov.	Prvt.	Gov.	Prvt.	Gov.	Prvt.	Gov.	Prvt.	Gov.	Prvt.	Gov.	Prvt.	Gov.	Prvt.
Total ticket sales	35%	37%	17%	29%	9%	35%	12%	23%	9%	9%	6%	27%	2%	3%
Student activity fees	4	4	21	1	37	7	12	17	14	7	12	7	15	46
Student assessments	4	2	15	6	27	2	21	1	14	0	37	7	52	3
Guarantees and options	7	9	5	11	2	4	2	4	2	4	0	2	0	1
Contributions from alumni	16	13	10	16	7	15	9	46	7	30	9	19	3	11
Bowls, tournaments & TV	13	16	3	7	1	20	1	0	1	1	0	0	0	0
Government support	5	3	20	0	8	0	26	3	46	0	30	0	22	0
All other revenues	16	16	9	30	9	17	17	6	7	49	6	38	6	36
Total revenues	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Policies Affecting Revenues

The questionnaire in Part I requested information concerning several policies and operating practices that affect various revenue sources. Response summaries for these questions are provided as qualitative information to supplement the financial

analysis of revenue sources.

(Part I, Question 5) "For your major sports, are admission rights, by ticket or other means, assessed to students on a mandatory basis through fees collected during student registration?"

TABLE 2.11
TOTAL REVENUES CLASSIFIED BY SPORT
Fiscal Years 1985 and 1989
(Dollar Amounts in Thousands)

MEN'S ATHLETICS PROGRAMS

Average Revenue Amounts and Percentage of Men's Total Revenues	Football Revenues		Basketball Revenues		Revenues From Other Sports		Revenues Not Related to Specific Sports	
	Average	Percent	Average	Percent	Average	Percent	Average	Percent
Division I-A								
Fiscal year 1985	\$3,735	55%	\$ 995	15%	\$195	3%	\$1,918	27%
Fiscal year 1989	4,340	47	1,640	18	264	3	3,026	32
Division I-AA								
Fiscal year 1985	506	33	239	16	107	6	805	45
Fiscal year 1989	472	22	336	16	92	4	1,298	58
Division I-AAA								
Fiscal year 1985	NA		329	51	69	8	375	41
Fiscal year 1989	68	1	444	45	101	7	503	47
II With Football								
Fiscal year 1985	92	22	64	15	102	20	240	43
Fiscal year 1989	101	18	49	9	90	12	388	61
II-No Football								
Fiscal year 1985	NA		65	22	105	22	223	56
Fiscal year 1989	NA		50	14	104	24	267	62
III With Football								
Fiscal year 1985	11	14	32	39	22	11	60	36
Fiscal year 1989	9	11	9	11	7	5	111	73
III-No Football								
Fiscal year 1985	NA		22	26	14	8	99	66
Fiscal year 1989	NA		3	3	11	8	117	89

WOMEN'S ATHLETICS PROGRAMS

Average Revenue Amounts for 1989 and Percentage of Women's Total Revenues	Basketball Revenues		Revenues From Other Sports		Revenues Not Related to Specific Sports	
	Average	Percent	Average	Percent	Average	Percent
Division I-A	\$58	8%	\$119	16%	\$585	76%
Division I-AA	21	7	44	12	269	81
Division I-AAA	20	7	55	13	263	80
II With Football	21	11	49	18	141	71
II-No Football	21	15	45	24	93	61
III With Football	3	5	12	13	55	82
III-No Football	2	2	8	9	52	89

"Yes" Replies	I-A	I-AA	I-AAA	II-FB	II-No	III-FB	III-No
1989 survey	49%	69%	63%	63%	58%	22%	24%
1985 survey	46%	66%	68%	54%	43%	30%	26%

(Part I, Question 6) "Is some portion of a general activity fee paid by students allotted to the athletics department without entitling students to admission to athletics events?"

"Yes" Replies	I-A	I-AA	I-AAA	II-FB	II-No	III-FB	III-No
1989 survey	27%	15%	9%	10%	6%	6%	7%
1985 survey	25%	12%	6%	11%	4%	3%	9%

Question 5 relates to student activity fees that provide admission to games in major sports. The most prevalent policy continues to be mandatory student fees that confer admission rights. The activity fees in Question 6 involve student assessments unrelated to athletics admissions. As a policy trend, fewer institutions are allotting some portion of general student activity fees to their athletics programs.

Revenues Classified by Sport

Individual sports such as football, basketball and others are the primary organizational units within an athletics program. Each sport requires financial resources to conduct its activities and may generate revenues that contribute to the financial requirements of the athletics program. Many revenue sources can be associated directly with specific sports, such as ticket sales, guarantees and options, concessions, advertising, and broadcasting fees. Other revenues such as student activity fees, contributions, investment income and direct government support may not be identifiable with specific sports. These revenue sources also may not be directly identifiable as related to men's athletics or to women's athletics programs.

Average revenues directly related to major sports and their percentage contribution to total revenues of men's and women's athletics programs are reported in Table 2.11. For men's and women's athletics as applicable, member institutions were asked to disclose revenues clearly identified with football, basketball and all other sports combined and the residual amount of total revenues not related to specific sports. The questionnaire included an example for allocating general revenues between men's and women's athletics programs.

Analysis of Football Revenues

Revenues derived from football are analyzed in the following two exhibits:

- Table 2.12—Analysis of Trends in Football Revenues, and
- Table 2.13—Frequency Distributions for Football Revenues.

Average football revenues increased significantly for Division I-A respondents between 1981 and 1989. During the same period, football revenues as a percentage of total revenues declined for each respondent category. For Division I and Division II, average football revenues increased but at a slower rate than the growth in total revenues. Between 1985 and 1989, average total revenues increased 42 percent for Division I-A, but average football revenues increased only 16 percent. The result is that football revenues have decreased as a percentage of total revenues. This trend has continued to prevail since 1973. This general trend is attributed to increases in revenues not directly

TABLE 2.12
ANALYSIS OF TRENDS IN FOOTBALL REVENUES
Fiscal Years 1981-1989
(Dollar Amounts in Thousands)

Revenue Measures by NCAA Division	1981	1985	1989
Division I-A			
Largest amount reported	\$6,674	\$10,700	\$14,931
Average football revenues	2,682	3,735	4,340
Percentage of men's total revenues	58%	55%	47%
Division I-AA			
Largest amount reported	\$ 808	\$ 1,412	\$ 1,494
Average football revenues	332	506	472
Percentage of men's total revenues	35%	33%	22%
II With Football			
Largest amount reported	\$ 459	\$ 402	\$ 835
Average football revenues	62	92	101
Percentage of men's total revenues	28%	22%	18%
III With Football			
Largest amount reported	\$ 62	\$ 57	\$ 61
Average football revenues	9	11	9
Percentage of men's total revenues	17%	14%	11%

related to specific sports, such as contributions and government support.

Frequency distributions for total football revenues in 1989 are shown in Table 2.13. These distributions reveal a significant range in football revenues reported by each class. In Division I-A, 44 percent of respondents reported football revenues of \$3 million or less; 18 percent of this group had football revenues in excess of \$8 million. Similar dispersion is found in the football revenues of other respondent groups.

Analysis of Basketball Revenues

Revenues derived from men's and women's basketball are analyzed in the following two exhibits:

- Table 2.14—Analysis of Trends in Basketball Revenues, and
- Table 2.15—Frequency Distributions for Men's Basketball Revenues.

Average men's basketball revenues increased significantly between 1981 and 1989 for Division I respondents, as indicated in Table 2.14. For the Division I-A group, basketball revenues increased from 12 percent to 18 percent of men's total revenues. Table 2.14 clearly indicates the improved revenue potential of men's basketball for Division I institutions. For Division I-A, 29 percent of respondents reported 1989 men's basketball revenues in excess of \$2 million. Average women's basketball revenues increased most significantly for Division I-A respondents between 1985 and 1989.

Summary

Average total revenues of intercollegiate athletics programs demonstrated substantial growth during the four-year period ending in fiscal year 1989. During this period, compound annual growth rates for total revenues ranged from eight percent

TABLE 2.13
FREQUENCY DISTRIBUTIONS FOR FOOTBALL REVENUES
Fiscal Year 1989
(Dollar Amounts in Thousands)

Division I-A			Division I-AA		
More Than	Less Than	Number	More Than	Less Than	Number
\$ 0	\$1,000	18	\$ 0	\$ 100	8
1,000	2,000	8	100	200	7
2,000	3,000	12	200	300	10
3,000	4,000	15	300	400	7
4,000	5,000	6(M)	400	500	4(M)
5,000	6,000	3	500	600	2
6,000	7,000	4	600	700	4
7,000	8,000	5	700	800	1
8,000	9,000	6	800	900	2
9,000		10	900		9
		<u>87</u>			<u>54</u>

II With Football			III With Football		
More Than	Less Than	Number	More Than	Less Than	Number
\$ 0	\$ 25	17	\$ 0	\$ 2	8
25	50	11	2	4	12
50	75	8	4	6	16
75	100	5	6	8	9
100	125	2(M)	8	10	6(M)
125	150	1	10	12	2
150	175	0	12	14	3
175	200	2	14	16	4
200	225	2	16	18	3
225		6	18		5
		<u>54</u>			<u>68</u>

(M) Indicates interval corresponding with average football revenues for 1989.

in Division I-A to 42 percent in Division III-No Football. For the same period, a 13 percent increase in average total revenues was required to equal general inflationary trends as measured by the Consumer Price Index. Average total revenues of all respondent groups showed real revenue growth after adjustment for inflation. Estimated aggregate revenues of all NCAA member institutions in fiscal year 1989 were \$1.51 billion.

As a general trend, revenue sources related to athletics events, such as ticket sales and conference distributions, decreased as a combined percentage

of total revenues between 1985 and 1989. Unearned or passive revenue sources, such as alumni contributions and government support, have increased as a combined percentage of total revenues. As a percentage of total revenues, revenues derived from football have continued to decrease on a relative basis since 1973. In general, the growth in total revenues has been accompanied by significant increases in revenues not related to specific sports.

The general revenue profile of each respondent group is presented in the Revenue Graphics Section, which begins on page 23.

TABLE 2.14
ANALYSIS OF TRENDS IN BASKETBALL REVENUES

Fiscal Years 1981-1989
(Dollar Amounts in Thousands)

Revenue Measures by NCAA Division	Men's Athletics Programs			Women's Athletics Programs	
	1981	1985	1989	1985	1989
Division I-A					
Largest amount reported	\$1,800	\$3,482	\$9,174	\$136	\$507
Average basketball revenues	578	995	1,640	19	58
Percentage of program's total revenues	12%	15%	18%	13%	8%
Division I-AA					
Largest amount reported	\$ 576	\$1,088	\$2,262	\$488	\$152
Average basketball revenues	164	239	336	43	21
Percentage of program's total revenues	17%	16%	16%	30%	7%
Division I-AAA					
Largest amount reported	\$1,089	\$2,072	\$3,255	\$ 43	\$158
Average basketball revenues	284	329	444	7	20
Percentage of program's total revenues	59%	51%	45%	35%	7%
II With Football					
Largest amount reported	\$ 158	\$ 516	\$ 303	\$ 73	\$163
Average basketball revenues	26	64	49	11	21
Percentage of program's total revenues	12%	15%	9%	13%	11%
II-No Football					
Largest amount reported	\$ 195	\$ 249	\$ 214	\$122	\$125
Average basketball revenues	19	65	50	25	21
Percentage of program's total revenues	19%	22%	14%	21%	15%
III With Football					
Largest amount reported	\$ 356	\$1,418	\$ 188	\$ 22	\$ 28
Average basketball revenues	23	32	9	4	3
Percentage of program's total revenues	41%	39%	11%	41%	5%
III-No Football					
Largest amount reported	\$ 12	\$ 287	\$ 18	\$ 52	\$ 8
Average basketball revenues	3	22	3	9	2
Percentage of program's total revenues	5%	26%	3%	75%	2%

TABLE 2.15
FREQUENCY DISTRIBUTIONS FOR MEN'S BASKETBALL REVENUES
 Fiscal Year 1989
 (Dollar Amounts in Thousands)

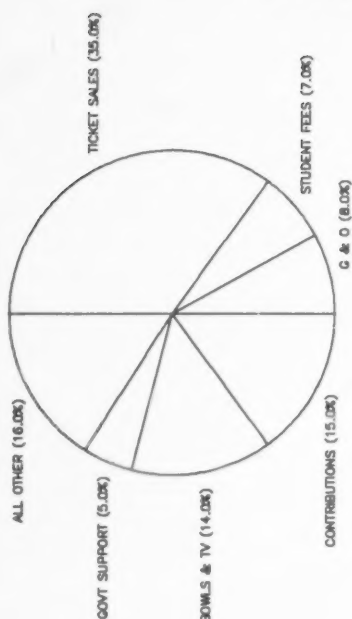
Division I-A			Division I-AA			Division I-AAA		
More Than	Less Than	Number	More Than	Less Than	Number	More Than	Less Than	Number
\$ 0	\$ 400	20	\$ 0	\$ 75	16	\$ 0	\$ 100	23
400	800	14	75	150	5	100	200	9
800	1,200	10	150	225	8	200	300	4
1,200	1,600	8	225	300	8	300	400	3
1,600	2,000	9(M)	300	375	3(M)	400	500	2(M)
2,000	2,400	3	375	450	3	500	600	4
2,400	2,800	2	450	525	1	600	700	2
2,800	3,200	8	525	600	0	700	800	1
3,200	3,600	3	600	675	2	800	900	1
3,600		9	675		8	900		7
		<u>86</u>			<u>54</u>			<u>56</u>

II With Football			II-No Football			III With Football			III-No Football		
More Than	Less Than	Number	More Than	Less Than	Number	More Than	Less Than	Number	More Than	Less Than	Number
\$ 0	\$ 10	18	\$ 0	\$ 10	10	\$ 0	\$ 2	33	\$ 0	\$ 1	6
10	20	8	10	20	5	2	4	9	1	2	5
20	30	10	20	30	2	4	6	6	2	3	6
30	40	0	30	40	0	6	8	1	3	4	1(M)
40	50	5(M)	40	50	3(M)	8	10	3(M)	4	5	0
50	60	0	50	60	0	10	12	2	5	6	0
60	70	1	60	70	2	12	14	2	6	7	0
70	80	3	70	80	0	14	16	0	7	8	1
80	90	1	80	90	0	16	18	2	8	9	1
90		9	90		6	18		4	9		1
		<u>55</u>			<u>28</u>			<u>62</u>			<u>21</u>

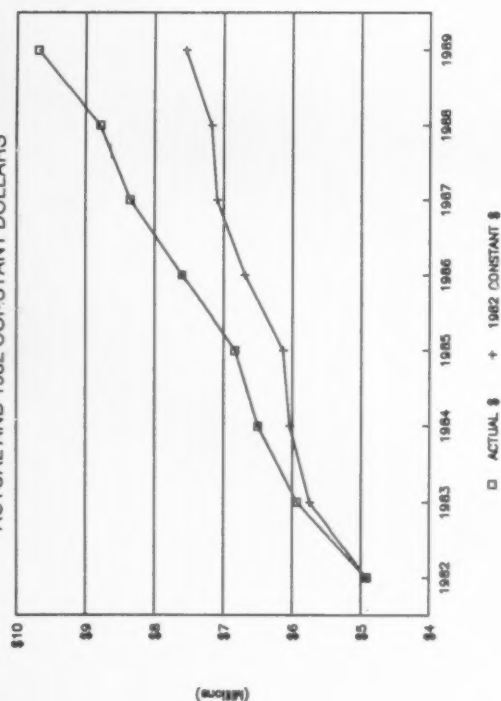
(M) Indicates revenue interval corresponding with average total revenues for 1989.

Revenue Graphics Section

REVENUES CLASSIFIED BY SOURCE
FISCAL YEAR 1989 - DIV. I-A



AVERAGE TOTAL REVENUES - DIV. I-A
ACTUAL AND 1982 CONSTANT DOLLARS



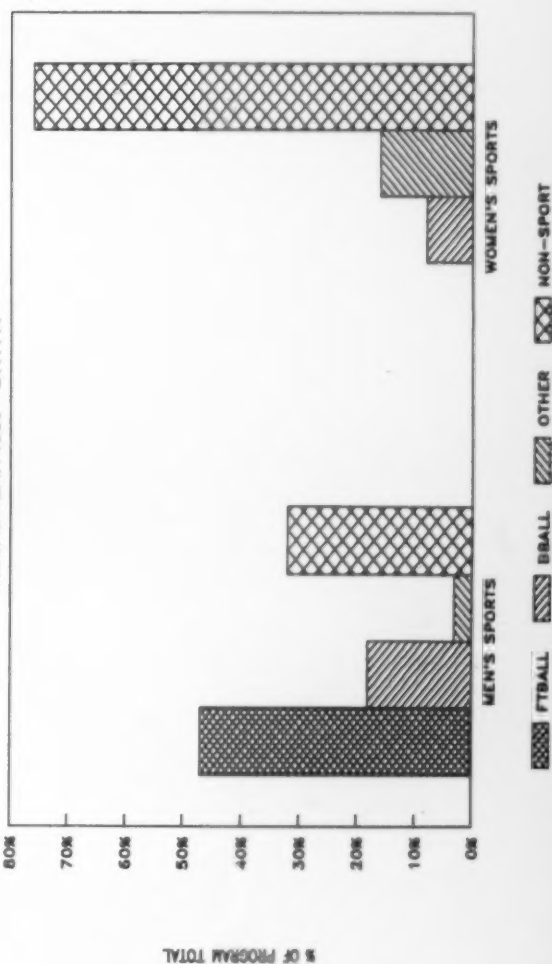
There is one page of revenue graphs for each respondent category. Each graph and related sources of data are described below.

Average Total Revenues, 1982-1989 (line chart)
Amounts shown in actual dollars and 1982 constant dollars. Data source: Table 2.1

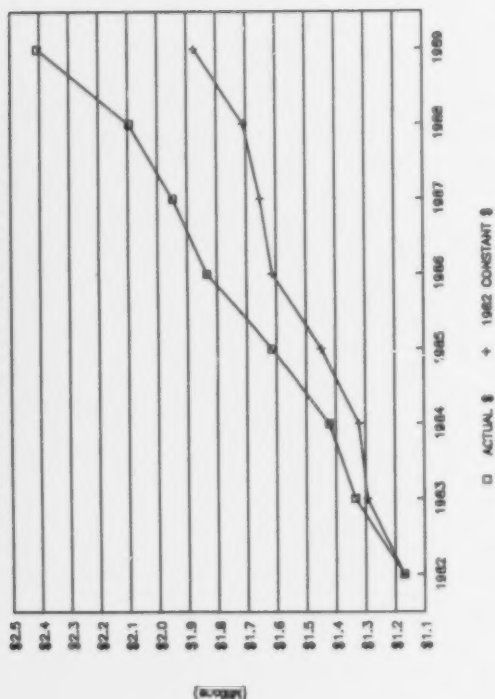
Revenues Classified by Source, 1989 (pie chart)
Data source: Table 2.9

Revenues Classified by Sport - Men's and Women's Athletics, 1989 (bar chart) Data source: Table 2.11

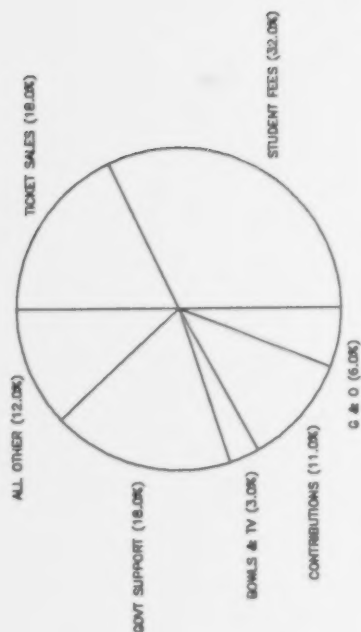
REVENUES CLASSIFIED BY SPORT
FISCAL YEAR 1989 - DIV. I-A



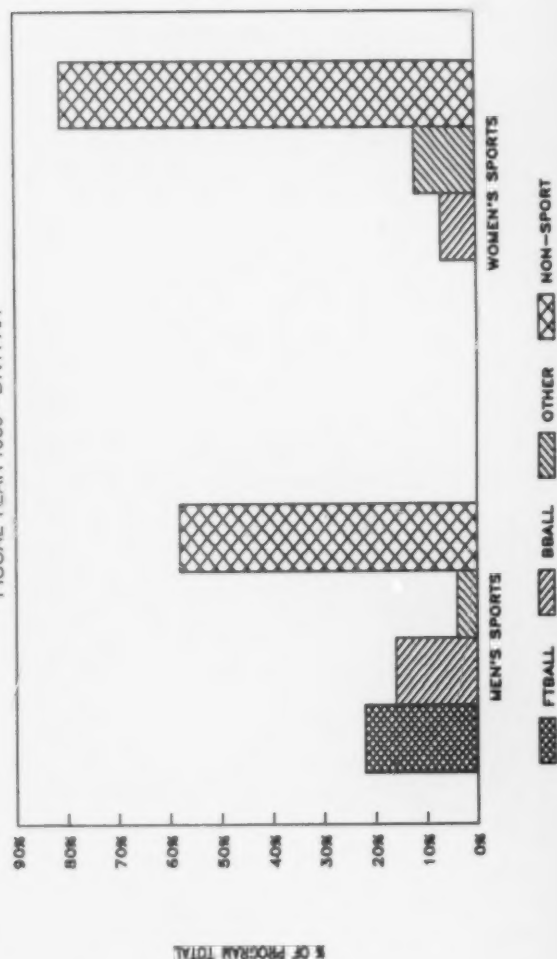
AVERAGE TOTAL REVENUES - DIV. I-AA
ACTUAL AND 1982 CONSTANT DOLLARS



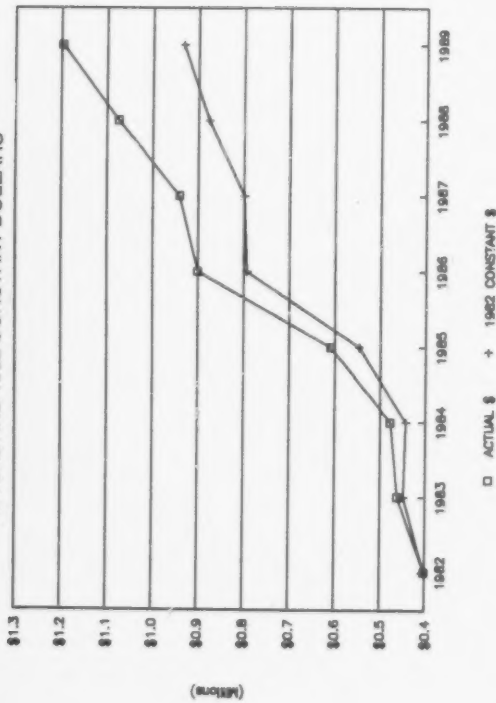
REVENUES CLASSIFIED BY SOURCE
FISCAL YEAR 1989 - DIV. I-AA



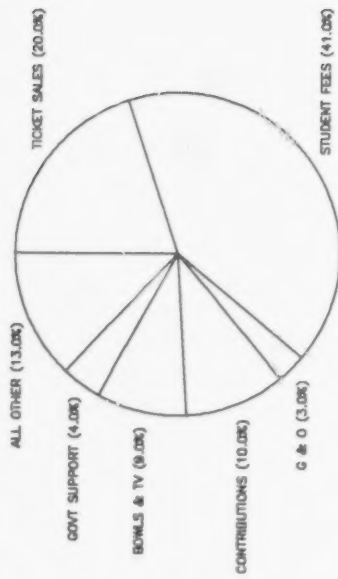
REVENUES CLASSIFIED BY SPORT
FISCAL YEAR 1989 - DIV. I-AA



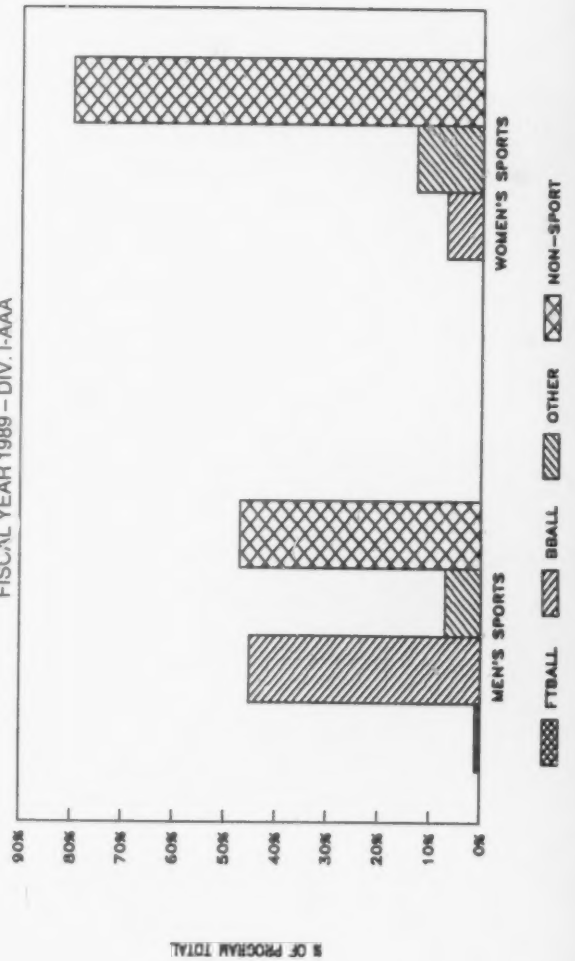
AVERAGE TOTAL REVENUES - DIV. I-AAA
ACTUAL AND 1982 CONSTANT DOLLARS



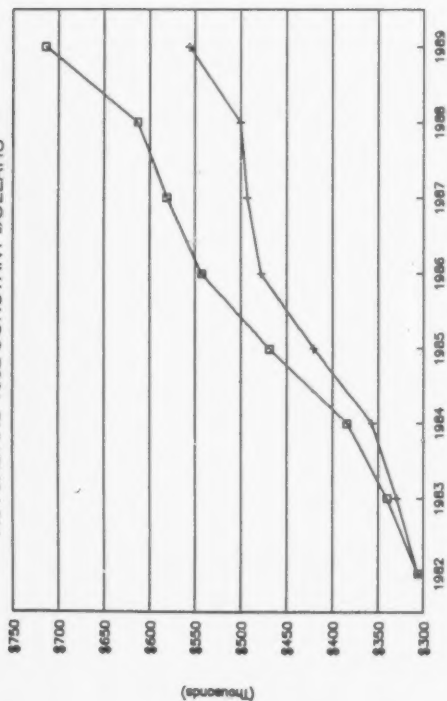
REVENUES CLASSIFIED BY SOURCE
FISCAL YEAR 1989 - DIV. I-AAA



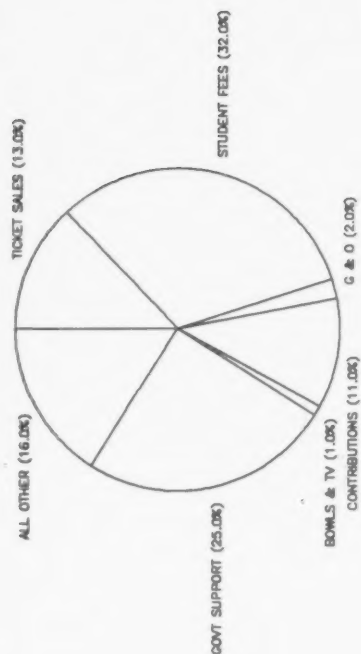
REVENUES CLASSIFIED BY SPORT
FISCAL YEAR 1989 - DIV. I-AAA



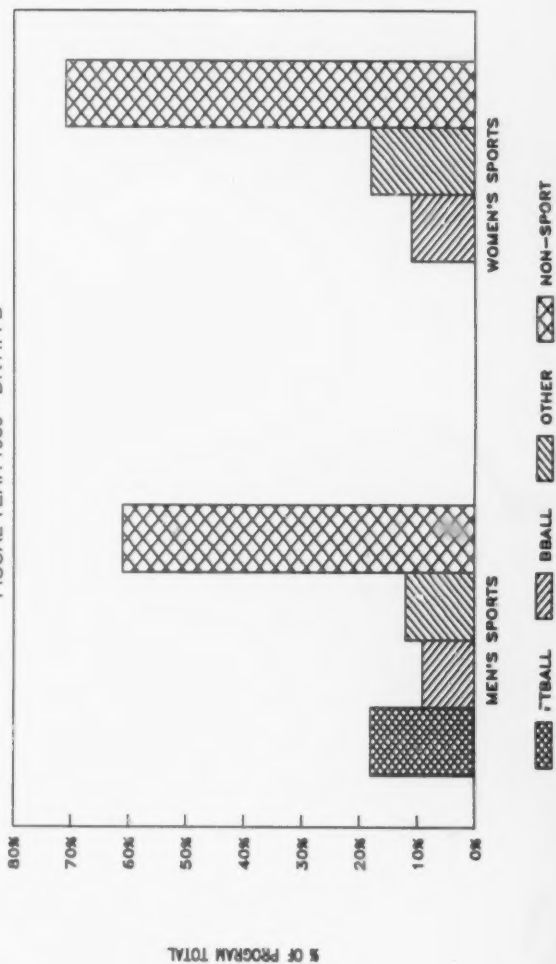
AVERAGE TOTAL REVENUES - DIV. II-FB
ACTUAL AND 1982 CONSTANT DOLLARS



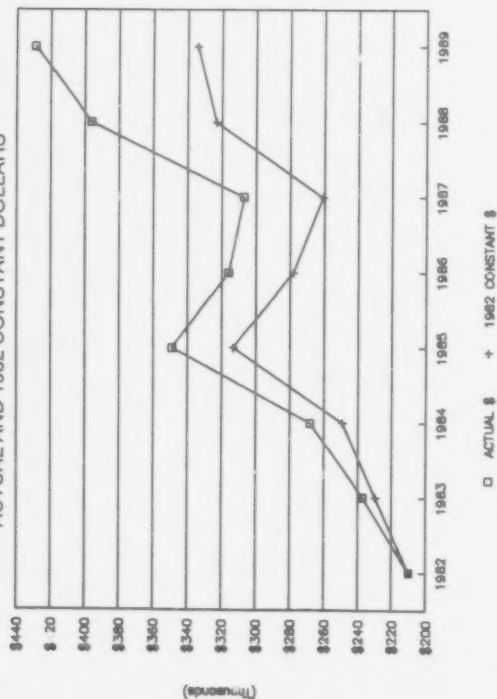
REVENUES CLASSIFIED BY SOURCE
FISCAL YEAR 1989 - DIV. II-FB



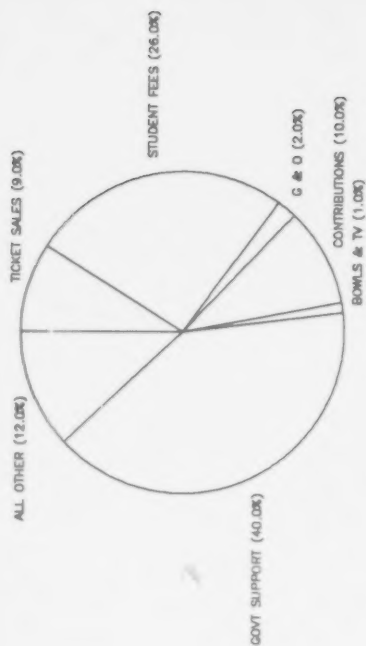
REVENUES CLASSIFIED BY SPORT
FISCAL YEAR 1989 - DIV. II-FB



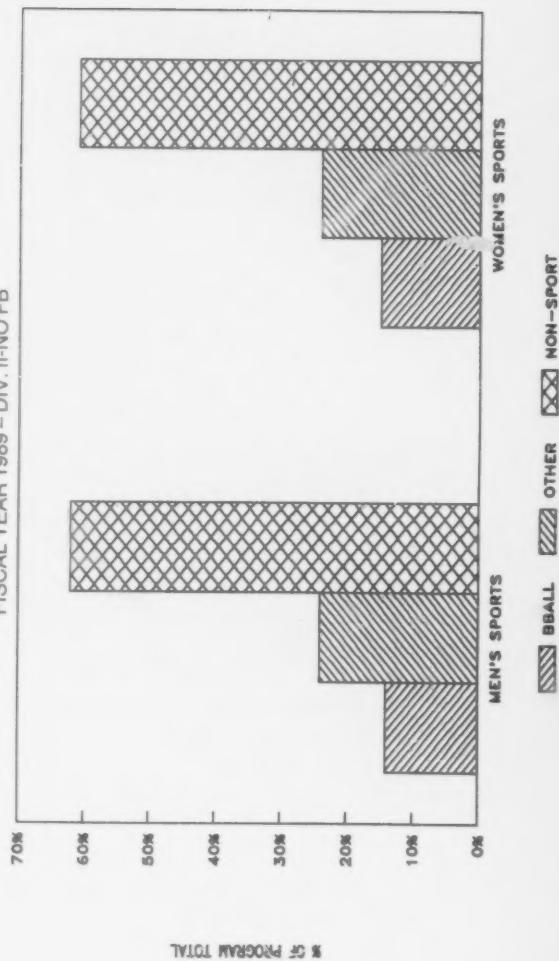
AVERAGE TOTAL REVENUES - DIV. II-NO FB
ACTUAL AND 1982 CONSTANT DOLLARS



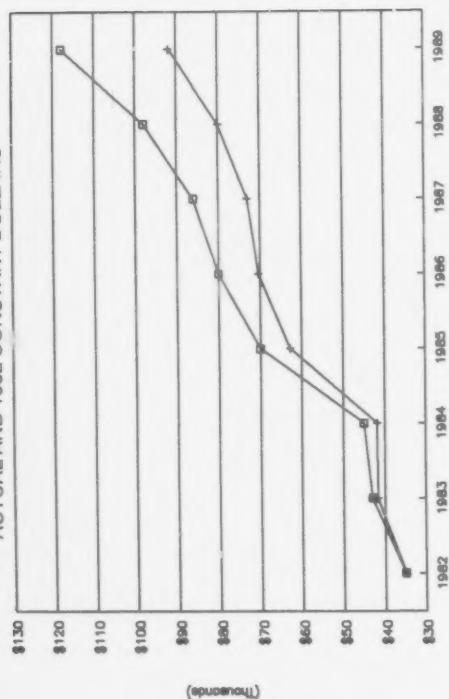
REVENUES CLASSIFIED BY SOURCE
FISCAL YEAR 1989 - DIV. II-NO FB



REVENUES CLASSIFIED BY SPORT
FISCAL YEAR 1989 - DIV. II-NO FB

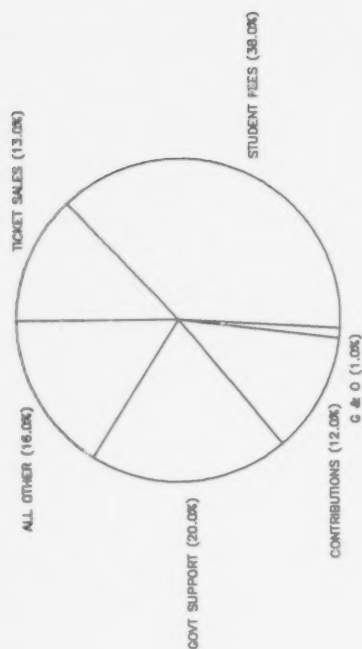


AVERAGE TOTAL REVENUES - DIV. III-FB
ACTUAL AND 1982 CONSTANT DOLLARS

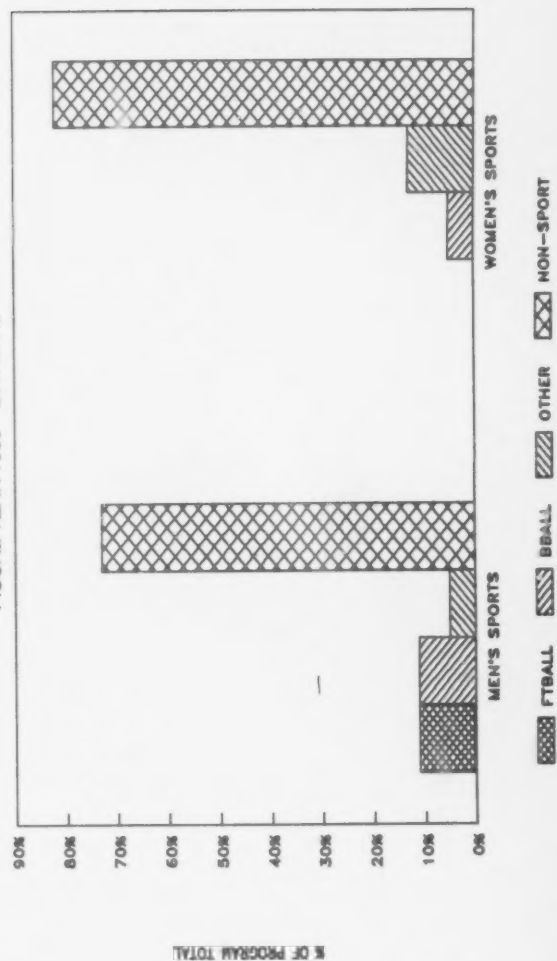


□ . . . ACTUAL \$ + 1982 CONSTANT \$

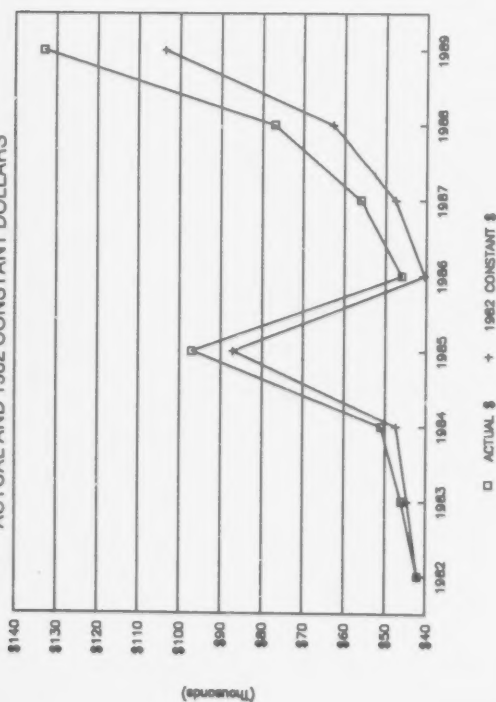
REVENUES CLASSIFIED BY SOURCE
FISCAL YEAR 1989 - DIV. III-FB



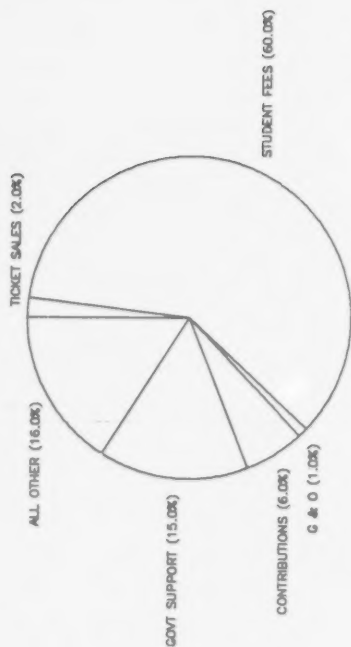
REVENUES CLASSIFIED BY SPORT
FISCAL YEAR 1989 - DIV. III-FB



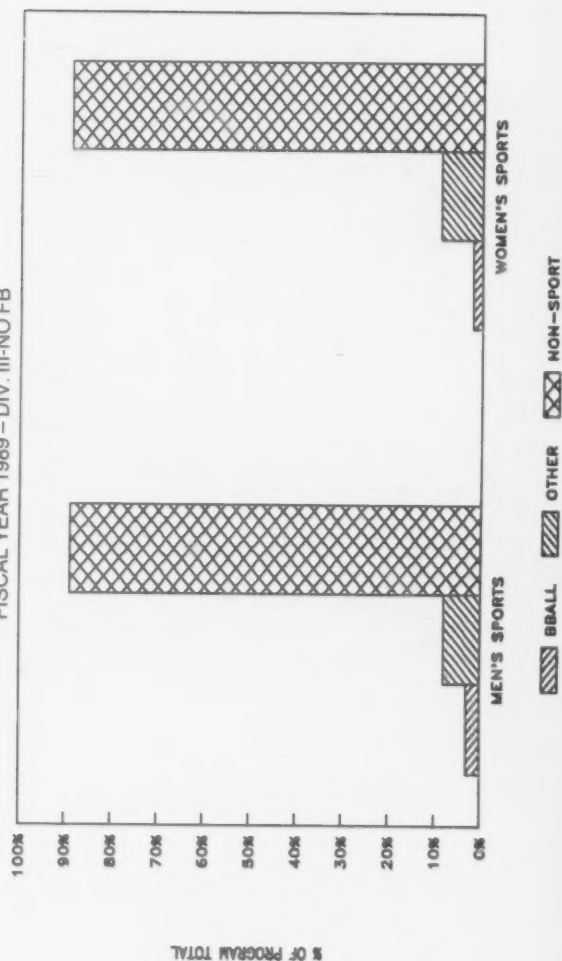
AVERAGE TOTAL REVENUES - DIV. III-NO FB
ACTUAL AND 1982 CONSTANT DOLLARS



REVENUES CLASSIFIED BY SOURCE
FISCAL YEAR 1989 - DIV. III-NO FB



REVENUES CLASSIFIED BY SPORT
FISCAL YEAR 1989 - DIV. III-NO FB



Chapter III

ANALYSIS OF EXPENSES

Operating expenses for an athletics program are the costs incurred for salaries, grants-in-aid, travel, equipment and supplies, contract game settlements

paid to opposing teams, and other disbursements required for the current operation of the athletics program.

TABLE 3.1
SUMMARY ANALYSIS OF TOTAL EXPENSES*
Fiscal Years 1982-1989
(Dollar Amounts in Thousands)

Expense Measures by Respondent Category	1982	1983	1984	1985	1986	1987	1988	1989	1986-1989 Compound Growth Rate
Division I-A									
Largest amount reported	\$11,907	\$14,565	\$16,492	\$16,532	\$16,601	\$18,950	\$20,891	\$22,102	
Average total expenses	5,054	5,728	6,256	6,894	7,441	8,093	8,724	9,646	9%
Annual percentage change (a)	6%	13%	9%	10%	8%	9%	8%	11%	
Division I-AA									
Largest amount reported	\$ 3,426	\$ 4,134	\$ 4,650	\$ 5,299	\$ 7,200	\$ 7,600	\$ 8,100	\$ 8,600	
Average total expenses	1,716	1,925	2,008	2,321	2,539	2,709	2,886	3,191	8%
Annual percentage change	28%	12%	4%	16%	9%	7%	7%	11%	
Division I-AAA									
Largest amount reported	\$ 1,782	\$ 2,092	\$ 2,064	\$ 2,356	\$ 3,852	\$ 4,149	\$ 4,555	\$ 5,420	
Average total expenses	721	790	834	1,072	1,486	1,590	1,765	1,911	9%
Annual percentage change	-12%	10%	6%	29%	39%	7%	11%	8%	
II With Football									
Largest amount reported	\$ 1,197	\$ 1,219	\$ 1,528	\$ 2,025	\$ 2,046	\$ 2,215	\$ 2,435	\$ 2,562	
Average total expenses	580	638	712	875	869	929	1,001	1,161	10%
Annual percentage change	18%	10%	12%	23%	-1%	7%	8%	16%	
II-No Football									
Largest amount reported	\$ 1,107	\$ 1,147	\$ 1,296	\$ 1,326	\$ 2,039	\$ 1,987	\$ 2,368	\$ 2,473	
Average total expenses	353	405	443	547	552	594	640	797	13%
Annual percentage change	16%	15%	9%	23%	1%	8%	8%	25%	
III With Football									
Largest amount reported	\$ 1,734	\$ 2,504	\$ 3,048	\$ 3,530	\$ 1,438	\$ 1,380	\$ 1,588	\$ 1,725	
Average total expenses	257	291	331	397	409	437	481	518	8%
Annual percentage change	-13%	13%	14%	20%	3%	7%	10%	8%	
III-No Football									
Largest amount reported	\$ 555	\$ 584	\$ 610	\$ 890	\$ 720	\$ 780	\$ 840	\$ 937	
Average total expenses	101	110	124	157	193	217	237	278	13%
Annual percentage change	-44%	9%	13%	27%	23%	12%	9%	17%	

*Unless indicated otherwise, all information in this study involves men's and women's athletics programs on a combined basis.
(a) Annual percentage change based on average total expenses.

Operating expenses should be distinguished from the term *expenditures*. As used in institutional accounting, expenditures include current operating expenses, additions to plant and equipment, and certain types of debt-service cost for principal and interest payments. This report is concerned primarily with operating expenses. The term *expenses* in this study refers to operating expenses.

Sections in this chapter analyze total operating expenses, expenses of men's and women's athletics, expenses classified by object, and expenses related to particular sports. The Expense Graphics Section at the end of this chapter summarizes important expense relationships for each respondent group.

Total Operating Expenses

Total operating expenses are analyzed in the following exhibits:

- Table 3.1—Summary Analysis of Total Expenses,

- Table 3.2—Frequency Distributions for Total Expenses,
- Table 3.3—Total Expenses of Men's and Women's Athletics Programs,
- Table 3.4—Frequency Distributions for Men's Total Expenses,
- Table 3.5—Frequency Distributions for Women's Total Expenses,
- Table 3.6—Expense Trends and General Price-Level Changes,
- Table 3.7—Estimated Aggregate Expenses,
- Table 3.8—Debt-Service Cost and Capital Expenditures, and
- Table 3.9—Forecasts of Average Total Expenses.

Total Expense Trends

Average total operating expenses and the largest amount reported for fiscal years 1982-1989 are presented in Table 3.1. Average total expenses indicate a pattern of substantial annual increases for all

TABLE 3.2
FREQUENCY DISTRIBUTIONS FOR TOTAL EXPENSES

Fiscal Year 1989
(Dollar Amounts in Thousands)

Division I-A			Division I-AA			Division I-AAA		
More Than	Less Than	Number	More Than	Less Than	Number	More Than	Less Than	Number
\$ 0	\$ 2,000	1	\$ 0	\$ 750	0	\$ 0	\$ 400	1
2,000	4,000	5	750	1,500	3	400	800	5
4,000	6,000	18	1,500	2,250	12	800	1,200	10
6,000	8,000	12	2,250	3,000	19	1,200	1,600	9
8,000	10,000	17(M)	3,000	3,750	3(M)	1,600	2,000	12(M)
10,000	12,000	11	3,750	4,500	7	2,000	2,400	5
12,000	14,000	3	4,500	5,250	5	2,400	2,800	3
14,000	16,000	7	5,250	6,000	2	2,800	3,200	6
16,000	18,000	9	6,000	6,750	1	3,200	3,600	0
18,000		4	6,750		2	3,600		5
		<u>87</u>			<u>54</u>			<u>56</u>
Std dev = \$4,785			Std dev = \$1,519			Std dev = \$1,048		
II With Football			II-No Football			III With Football		
More Than	Less Than	Number	More Than	Less Than	Number	More Than	Less Than	Number
\$ 0	\$ 250	2	\$ 0	\$ 150	0	\$ 0	\$ 100	1
250	500	6	150	300	1	100	200	14
500	750	6	300	450	4	200	300	10
750	1,000	15	450	600	8	300	400	13
1,000	1,250	4(M)	600	750	5	400	500	17
1,250	1,500	12	750	900	5(M)	500	600	12(M)
1,500	1,750	3	900	1,050	3	600	700	6
1,750	2,000	6	1,050	1,200	4	700	800	3
2,000	2,250	3	1,200	1,350	1	800	900	2
2,250		2	1,350		2	900		12
		<u>59</u>			<u>33</u>			<u>90</u>
Std dev = \$561			Std dev = \$414			Std dev = \$358		
III-No Football								
More Than	Less Than	Number				More Than	Less Than	Number
\$ 0	\$ 60	4				\$ 0	\$ 60	4
60	120	4				60	120	4
120	180	13				120	180	13
180	240	10				180	240	10
240	300	8(M)				240	300	8(M)
300	360	4				300	360	4
360	420	2				360	420	2
420	480	1				420	480	1
480	540	3				480	540	3
540		6				540		6
		<u>55</u>						<u>55</u>
Std dev = \$198								

(M) Indicates expense interval corresponding with average total expenses for 1989.

respondent groups. Annual increases in expenses are indicated in Table 3.1 by the percentage change in average total expenses. The percentage increase in average expenses between 1982 and 1989 exceeds 100 percent for all groups except Division I-A (91 percent) and I-AA (86 percent).

Table 3.1 also includes a compound annual growth rate applicable to average total expenses of each respondent group during the period 1986-1989. The compound annual growth rate is the annual percentage increase that explains the change in average total expenses for the most recent three-year period. For example, Division I-A average expenses increased from \$7,441,000 in 1986 to \$9,646,000 in 1989. The equal annual percentage growth rate that explains this increase is nine percent. As a general trend, the 1986-1989 expense growth rates are approximately two percentage points lower than comparable rates for the period 1982-1985.

Table 3.2 presents frequency distributions of the 1989 total operating expenses for each respondent group. These frequency distributions indicate the dispersion in total expenses reported by each class and are useful interpretive supplements to the average expense amounts. The frequency distributions reveal a significant range in total expenses reported by each category in 1989. For example, six Division I-A institutions reported total expenses of \$4 million or less, and four respondents in this group had

total expenses exceeding \$18 million. In general, the frequency distributions permit a specific institution to evaluate its total expenses in relation to other respondents in the same category.

The average total expenses of men's and women's athletics programs are presented in Table 3.3. Average total expenses of men's and women's athletics have increased significantly since 1981. Amounts reported for 1981 and 1985 are the expenses directly related to women's athletics. For 1989, the expenses of women's programs include a reasonable allocation of expense items that are not related directly to either men's or women's sports, such as athletics director expenses, general administration expenses and certain facility maintenance expenses. The questionnaire provided an expense allocation example. On an aggregate basis, women's athletics represented 18 percent of total operating expenses for Division I-A, ranging to a high of 46 percent for Division III-No Football. Frequency distributions for total expenses of men's and women's athletics programs are shown in Tables 3.4 and 3.5, respectively.

Evaluation of Expense Increases

The general trend of increasing annual expenses can be evaluated by comparison with the inflationary trends that prevailed during the period 1986-1989. General price-level changes or inflation affect

TABLE 3.3
TOTAL EXPENSES OF MEN'S AND WOMEN'S ATHLETICS PROGRAMS

Fiscal Years 1981-1989
(Dollar Amounts in Thousands)

Average Expenses by NCAA Division	1981	1985	1989	Percentage of 1989 Total Expenses
Division I-A				
Men's program	\$4,308	\$6,158	\$7,882	82%
Women's program	502	799	1,805	18
Division I-AA				
Men's program	1,189	1,990	2,421	76
Women's program	176	367	785	24
Division I-AAA				
Men's program	631	878	1,296	68
Women's program	188	206	618	32
II With Football				
Men's program	392	719	854	72
Women's program	101	155	325	28
II-No Football				
Men's program	232	418	523	63
Women's program	72	148	296	37
III With Football				
Men's program	249	339	351	68
Women's program	48	65	168	32
III-No Football				
Men's program	144	154	179	54
Women's program	37	37	133	46

the comparability of expense trends over time. Over a period of years, inflation will cause increased annual expenses for an athletics program that perhaps experienced no real increase in the quantity of goods and services used.

The most frequently used measure of general price-level changes in the United States is the Consumer Price Index for All Urban Consumers (CPI-U). During the period 1986-1989, the average CPI-U increased 13 percent, which is equal to an annual increase of 4.4 percent in the general price level. Accordingly, an athletics program with an annual growth rate of four percent would demonstrate a pattern of increasing expenses that corresponded with general inflationary trends during the period 1986-1989.

Expense trends and general price-level changes for the period 1986-1989 are compared in Table 3.6. For comparative purposes, the average CPI-U was restated such that the average index for 1986 is 100 percent. Average total expenses are shown as a percentage of 1986 average expenses, based on both actual dollar amounts and expenses restated to the average price level of fiscal year 1986.

The inflation-adjusted base-year ratio in Table 3.6 indicates the cumulative change in average total expenses based on a constant dollar measure using the average price level during 1986. Restatement of average expenses in constant dollars eliminates the inflationary effect that was partly responsible for expense increases measured in actual dollars. Since the adjusted base-year ratio involves a constant price level, it measures the real increases in expenses incurred by athletics programs. If inflation had caused all increases in operating expenses, then the inflation-adjusted base-year ratio would be 100 percent for each year between 1986 and 1989.

Base-year ratios in Table 3.6 should be interpreted as follows. For Division I-A, 1989 average expenses are 130 percent of the 1986 average, which indicates a 30 percent increase in actual expenses. With the effect of inflation eliminated, Division I-A expenses in 1989 are 115 percent of 1986 average expenses. In general, this 15 percent increase in the adjusted base-year ratio represents the real increase in total expenses caused by acquiring more goods and services, expanding the athletics program, or purchasing goods and services at prices

TABLE 3.4
FREQUENCY DISTRIBUTIONS FOR MEN'S TOTAL EXPENSES

Fiscal Year 1989
(Dollar Amounts in Thousands)

Division I-A			Division I-AA			Division I-AAA		
More Than	Less Than	Number	More Than	Less Than	Number	More Than	Less Than	Number
\$ 0	\$ 1,500	1	\$ 0	\$ 500	0	\$ 0	\$ 300	2
1,500	3,000	6	500	1,000	1	300	600	6
3,000	4,500	15	1,000	1,500	7	600	900	11
4,500	6,000	9	1,500	2,000	18	900	1,200	12
6,000	7,500	17	2,000	2,500	9(M)	1,200	1,500	7(M)
7,500	9,000	11(M)	2,500	3,000	4	1,500	1,800	6
9,000	10,500	4	3,000	3,500	6	1,800	2,100	3
10,500	12,000	5	3,500	4,000	5	2,100	2,400	5
12,000	13,500	8	4,000	4,500	2	2,400	2,700	0
13,500		10	4,500		2	2,700		3
		<u>86</u>			<u>54</u>			<u>55</u>
II With Football			II-No Football			III With Football		
More Than	Less Than	Number	More Than	Less Than	Number	More Than	Less Than	Number
\$ 0	\$ 200	1	\$ 0	\$ 100	0	\$ 0	\$ 75	3
200	400	8	100	200	0	75	150	16
400	600	6	200	300	5	150	225	9
600	800	14	300	400	8	225	300	15
800	1,000	9(M)	400	500	5	300	375	18(M)
1,000	1,200	7	500	600	3(M)	375	450	6
1,200	1,400	6	600	700	2	450	525	3
1,400	1,600	6	700	800	4	525	600	7
1,600	1,800	0	800	900	3	600	675	2
1,800		1	900		1	675		8
		<u>58</u>			<u>31</u>			<u>87</u>
III-No Football								
More Than	Less Than	Number				More Than	Less Than	Number
\$ 0	\$ 40	2				\$ 0	\$ 40	2
40	80	6				40	80	6
80	120	9				80	120	9
120	160	9				120	160	9
160	200	4(M)				160	200	4(M)
200	240	3				200	240	3
240	280	3				240	280	3
280	320	4				280	320	4
320	360	0				320	360	0
360		5				360		5
		<u>43</u>						

(M) Indicates interval corresponding with average men's total expenses for 1989.

that increased more rapidly than the general price level.

During the period 1986-1989, a 13 percent increase in average total expenses would be considered normal if operating expenses increased at a rate equal to general price-level changes measured by the Consumer Price Index. For 1989, the actual base-year ratio of each respondent group is greater than 113 percent, which indicates that expense increases for all respondent categories exceeded changes in the general price level. Thus, inflation is not the only factor responsible for increases in total operating expenses.

Expense Estimates and Forecasts

To measure the general economic significance of athletics programs, aggregate total expenses of all NCAA member institutions in fiscal year 1989 are estimated in Table 3.7. The estimate of aggregate total operating expenses incurred by all NCAA members during 1989 is \$1.83 billion. This estimate assumes that the respondents from each class are a representative sample. The estimate was deter-

mined by multiplying average expenses of each category by the number of members and summing the computed amounts. The estimated aggregate expenses of \$1.83 billion are 53 percent more than the comparable estimate of \$1.2 billion for fiscal year 1985.

In reporting total operating expenses, respondents were directed to exclude interest and principal payments on long-term debt and capital expenditures for physical-plant facilities. Expenditures for debt-service cost and acquisition of plant assets were reported separately and are summarized in Table 3.8. In 1989, average debt-service cost and capital expenditures combined ranged from \$10,000 for Division II-No Football to \$1,244,000 in Division I-A. It is significant to note the percentage of respondents that reported debt-service cost and capital expenditures. In Division I-A, 55 percent of respondents reported these expenditures in 1989. In general, 25 percent or less of respondents in all other classes reported debt-service cost and capital expenditures. These expenditures are not included in operating expenses described elsewhere in this

TABLE 3.5
FREQUENCY DISTRIBUTIONS FOR WOMEN'S TOTAL EXPENSES

Fiscal Year 1989
(Dollar Amounts in Thousands)

Division I-A			Division I-AA			Division I-AAA		
More Than	Less Than	Number	More Than	Less Than	Number	More Than	Less Than	Number
\$ 0	\$ 400	1	\$ 0	\$ 150	1	\$ 0	\$ 150	1
400	800	10	150	300	4	150	300	8
800	1,200	16	300	450	11	300	450	11
1,200	1,600	23	450	600	7	450	600	11
1,600	2,000	9(M)	600	750	11	600	750	9(M)
2,000	2,400	4	750	900	6(M)	750	900	5
2,400	2,800	3	900	1,050	2	900	1,050	2
2,800	3,200	10	1,050	1,200	0	1,050	1,200	1
3,200	3,600	5	1,200	1,350	3	1,200	1,350	5
3,600		4	1,350		8	1,350		2
		<u>85</u>			<u>53</u>			<u>55</u>

II With Football			II-No Football			III With Football			III-No Football		
More Than	Less Than	Number	More Than	Less Than	Number	More Than	Less Than	Number	More Than	Less Than	Number
\$ 0	\$ 75	3	\$ 0	\$ 50	0	\$ 0	\$ 30	6	\$ 0	\$ 30	3
75	150	4	50	100	1	30	60	10	30	60	7
150	225	13	100	150	4	60	90	11	60	90	13
225	300	10	150	200	3	90	120	8	90	120	5
300	375	10(M)	200	250	8	120	150	8	120	150	9(M)
375	450	3	250	300	2(M)	150	180	17(M)	150	180	2
450	525	6	300	350	4	180	210	7	180	210	1
525	600	6	350	400	5	210	240	4	210	240	3
600	675	1	400	450	2	240	270	1	240	270	1
675		2	450		3	270		13	270		5
		<u>58</u>			<u>32</u>			<u>85</u>			<u>49</u>

(M) Indicates interval corresponding with average women's total expenses for 1989.

study.

Based upon analysis of past expense trends, forecasts of average total expenses were developed for each respondent category. Forecasts of average total expenses for fiscal years 1990 through 1993 are presented in Table 3.9. The forecasts assume that economic and institutional factors influencing past trends will continue to affect future expenses. The predictive accuracy of these forecasts cannot be assured, but the estimates provide useful information about potential operating expenses that must be financed in future years.

Expenses Classified by Object

A classification of operating expenses by object describes the nature of goods and services acquired and is independent of the activity or function in which the goods and services are utilized. As summarized in Table 3.10, the percentage composition of total operating expenses is explained substantially by the following object classifications:

- Grants-in-aid;
- Guarantees and options paid;
- Salaries, wages and fringe benefits;
- Team travel, scouting and recruiting, and
- Equipment, uniforms and supplies.

Major Expense Classifications

The five major expense categories for fiscal years 1985 and 1989 are analyzed in Table 3.10. In fiscal year 1989, these five expense classifications generally accounted for 75 percent of total operating expenses in both men's and women's athletics pro-

TABLE 3.7
ESTIMATED AGGREGATE EXPENSES
Fiscal Year 1989
(Dollar Amounts in Thousands)

NCAA Division	Number of Members	Average Total Expenses 1989	Estimated Aggregate Expenses
Division I-A	106	\$9,646	\$1,022,476*
Division I-AA	89	3,191	283,999
Division I-AAA	99	1,911	189,189
II With Football	116	1,161	134,676
II-No Football	77	797	61,369
III With Football	213	518	110,334
III-No Football	103	278	28,634
	803		\$1,830,677

*(106 × \$9,646 = \$1,022,476)

TABLE 3.6
EXPENSE TRENDS AND GENERAL PRICE-LEVEL CHANGES
Fiscal Years 1986-1989

Average Total Expenses as a Percentage of 1986 Average Expenses	1986	1987	1988	1989
Average Price-Level Index (a)	100%	104%	108%	113%
Division I-A				
Actual base-year ratio (b)	100%	109%	117%	130%
Inflation-adjusted ratio (c)	100	105	108	115
Division I-AA				
Actual base-year ratio	100	107	114	126
Inflation-adjusted ratio	100	103	106	112
Division I-AAA				
Actual base-year ratio	100	107	119	129
Inflation-adjusted ratio	100	103	110	114
II With Football				
Actual base-year ratio	100	107	116	134
Inflation-adjusted ratio	100	103	107	119
II-No Football				
Actual base-year ratio	100	108	116	144
Inflation-adjusted ratio	100	104	107	127
III With Football				
Actual base-year ratio	100	107	118	127
Inflation-adjusted ratio	100	103	109	112
III-No Football				
Actual base-year ratio	100	112	123	144
Inflation-adjusted ratio	100	108	114	127

(a) Average Consumer Price Index restated such that 1986 = 100 percent.

(b) Average total expenses as a percentage of 1986 expenses with no adjustment for inflation.

(c) Revised base-year ratio using average total expenses stated in terms of the average price level during 1986.

grams. The relative significance of specific operating expenses differs among the respondent categories. Guarantees and options are a significant expense only for the Division I-A group. Consistent with the differences between Division II and Division III institutions, grants-in-aid to student-athletes are a more significant expense for Division II institutions. For all respondent categories, the percentage composition of men's total expenses classified by object was relatively constant between 1985 and 1989. For men's athletics, the most prevalent trend was an increase in the percentage of expenses

in the "All Other Expenses" category, which could include insurance, certain facility-maintenance costs and general overhead expenses of the athletics department. Women's expenses classified by object were not available for 1985.

Inclusiveness of Expenses

For all respondent categories, grants-in-aid and salary payments on a combined basis were the most significant operating expenses when measured as a percentage of total expenses. In fiscal year 1989,

TABLE 3.8
DEBT-SERVICE COST AND CAPITAL EXPENDITURES
Fiscal Years 1982-1989
(Dollar Amounts in Thousands)

Average Expenditures and Percentage of Respondents Reporting This Cost Item	1982	1983	1984	1985	1986	1987	1988	1989
Division I-A								
Average expenditures	\$ 455	\$ 943	\$ 576	\$ 616	\$ 815	\$ 1,152	\$ 973	\$ 1,244
Percentage reporting data	45%	52%	51%	52%	51%	55%	55%	55%
Division I-AA								
Average expenditures	\$ 226	\$ 231	\$ 296	\$ 236	\$ 94	\$ 134	\$ 117	\$ 217
Percentage reporting data	15%	15%	15%	17%	13%	15%	19%	19%
Division I-AAA								
Average expenditures	\$ 36	\$ 172	\$ 162	\$ 47	\$ 111	\$ 103	\$ 131	\$ 423
Percentage reporting data	14%	18%	20%	18%	20%	20%	23%	25%
II With Football								
Average expenditures	\$ 120	\$ 193	\$ 332	\$ 172	\$ 127	\$ 46	\$ 44	\$ 84
Percentage reporting data	19%	19%	19%	16%	10%	12%	10%	14%
II-No Football								
Average expenditures	\$ 60	\$ 66	\$ 131	\$ 148	\$ 56	\$ 41	\$ 25	\$ 10
Percentage reporting data	17%	16%	24%	20%	15%	15%	12%	12%
III With Football								
Average expenditures	\$ 79	\$ 81	\$ 74	\$ 137	\$ 65	\$ 89	\$ 72	\$ 65
Percentage reporting data	7%	6%	8%	10%	6%	7%	7%	7%
III-No Football								
Average expenditures	\$ 6	\$ 8	\$ 42	\$ 68	\$ 70	\$ 64	\$ 273	\$ 432
Percentage reporting data	2%	2%	4%	6%	9%	11%	15%	15%

TABLE 3.9
FORECASTS OF AVERAGE TOTAL EXPENSES
Fiscal Years 1990-1993
(Dollar Amounts in Thousands)

NCAA Division	1989 Average Expenses	Forecasts of Average Total Expenses			
		1990	1991	1992	1993
Division I-A	\$9,640	\$10,600	\$11,700	\$12,800	\$14,000
Division I-AA	3,191	3,400	3,700	4,000	4,300
Division I-AAA	1,911	2,100	2,300	2,500	2,700
II With Football	1,161	1,300	1,400	1,500	1,700
II-No Football	797	900	1,000	1,100	1,200
III With Football	518	600	650	700	750
III-No Football	278	310	340	370	400

these two expense classifications combined accounted for the following percentages of total expenses:

1989 Grants-in-Aid and Salaries Combined	Men's Athletics	Women's Athletics
I-A	38%	48%
I-AA	55	61
I-AAA	54	62
II With FB	59	57
II-No FB	60	62
III With FB	49	48
III-No FB	41	46

The comparability of reported expenses is affected by different accounting practices for the inclusion of grants-in-aid and salaries in expenses

of the athletics program. In some cases, salaries are paid from institutional funds not controlled by the athletics department and the resulting amounts may not be included in expenses of the athletics program. A number of institutions that award grants-in-aid to participating athletes do not report these costs as operating expenses of the athletics program because the amounts are paid by institutional funds outside the control of the athletics department. Many institutions do not award grants-in-aid and do not incur this expense item.

With regard to grants-in-aid, the following questionnaire response summary indicates the inclusiveness and relative comparability of expenses analyzed in this study.

TABLE 3.10
OPERATING EXPENSES CLASSIFIED BY OBJECT OF EXPENDITURE
Fiscal Years 1985 and 1989
(Dollar Amounts in Thousands)

Average Expense and Percentage of Program Expenses	Grants-in-Aid		Guarantees and Options		Salaries and Wages		Team and Other Travel		Equipment and Supplies		All Other Expenses	
	Mean	Percent	Mean	Percent	Mean	Percent	Mean	Percent	Mean	Percent	Mean	Percent
Division I-A												
Men's program-1985	\$1,015	16%	\$656	9%	\$1,810	29%	\$727	12%	\$267	4%	\$1,883	30%
Men's program-1989	1,248	15	741	9	1,804	23	789	10	299	4	3,107	39
Women's program-1989	447	24	12	*	441	24	215	12	56	3	665	37
Total program-1989	1,690	17	738	7	2,240	23	1,002	10	354	4	3,765	39
Division I-AA												
Men's program-1985	556	23	70	3	699	34	252	12	132	6	482	22
Men's program-1989	667	26	69	3	734	29	287	12	126	5	600	25
Women's program-1989	236	28	5	*	258	33	99	12	34	4	180	23
Total program-1989	898	26	71	2	988	31	385	12	159	5	774	24
Division I-AAA												
Men's program-1985	255	27	27	3	262	29	121	14	50	6	204	21
Men's program-1989	361	27	33	2	353	27	170	13	59	5	336	26
Women's program-1989	234	37	11	*	150	25	74	12	27	4	138	22
Total program-1989	590	30	36	2	501	27	245	13	86	4	472	25
II With Football												
Men's program-1985	235	29	19	1	226	29	105	14	64	8	145	19
Men's program-1989	254	28	18	1	282	31	105	12	58	7	182	21
Women's program-1989	85	24	2	*	117	33	46	14	19	6	78	23
Total program-1989	338	27	18	1	396	32	151	12	77	6	257	22
II-No Football												
Men's program-1985	135	30	13	2	167	32	71	15	33	7	65	14
Men's program-1989	185	33	16	2	150	27	63	12	27	5	117	21
Women's program-1989	110	35	13	1	86	27	34	11	12	4	71	22
Total program-1989	289	34	20	2	231	27	95	11	38	5	184	21
III With Football												
Men's program-1985	206	9	7	*	198	40	64	17	44	12	80	22
Men's program-1989	245	2	3	*	221	47	67	18	39	10	91	23
Women's program-1989	34	*	0	0	109	48	35	19	17	9	46	24
Total program-1989	262	1	3	*	325	47	102	18	55	10	136	24
III-No Football												
Men's program-1985	92	5	2	*	126	48	37	17	22	11	40	19
Men's program-1989	138	2	2	*	78	39	30	17	19	11	55	31
Women's program-1989	0	0	2	*	67	46	23	18	14	10	34	26
Total program-1989	138	1	3	*	130	42	48	17	29	11	80	29

*Less than 1 percent

(Part I, Question 7) "Does your institution award grants-in-aid to student-athletes?"

"Yes" Replies	I-A	I-AA	I-AAA	II-FB	No II-FB	III-FB	No III-FB
1989 survey	97%	96%	98%	97%	97%	2%	3%
1985 survey	96	93	100	92	100	16	12

The respondents actually reporting grant-in-aid expenses approximate the percentage of institutions that award grants. Likewise, a substantial majority of each respondent group reported salary expenses. Thus, expense analysis in this study is based primarily upon institutions that include sala-

TABLE 3.11
TOTAL OPERATING EXPENSES CLASSIFIED BY SPORT
Fiscal Years 1985 and 1989
(Dollar Amounts in Thousands)

MEN'S ATHLETICS PROGRAMS

Average Expense Amounts and Percentage of Men's Total Expenses	Football Expenses		Basketball Expenses		Expenses From Other Sports		Expenses Not Related to Specific Sports	
	Average	Percent	Average	Percent	Average	Percent	Average	Percent
Division I-A								
Fiscal year 1985	\$2,391	39%	\$621	10%	\$ 935	15%	\$2,214	36%
Fiscal year 1989	3,112	39	948	12	1,084	14	2,814	35
Division I-AA								
Fiscal year 1985	751	38	263	13	503	25	490	24
Fiscal year 1989	967	39	401	17	452	19	624	25
Division I-AAA								
Fiscal year 1985	NA		314	36	337	38	272	26
Fiscal year 1989	238	4	487	38	377	29	410	29
II With Football								
Fiscal year 1985	245	34	117	16	177	25	183	25
Fiscal year 1989	331	39	125	14	196	23	212	24
II-No Football								
Fiscal year 1985	NA		132	32	183	40	125	28
Fiscal year 1989	NA		134	26	216	40	192	34
III With Football								
Fiscal year 1985	62	18	52	16	140	39	112	27
Fiscal year 1989	75	21	36	10	104	29	155	40
III-No Football								
Fiscal year 1985	NA		25	18	68	47	60	35
Fiscal year 1989	NA		25	14	91	49	71	37

WOMEN'S ATHLETICS PROGRAMS

Average Expense Amounts for 1989 and Percentage of Women's Total Expenses	Basketball Expenses		Expenses From Other Sports		Expenses Not Related to Specific Sports	
	Average	Percent	Average	Percent	Average	Percent
Division I-A	\$301	16%	\$799	45%	\$749	39%
Division I-AA	177	22	372	47	257	31
Division I-AAA	182	28	244	39	226	33
II With Football	83	26	144	44	103	30
II-No Football	84	28	125	43	96	29
III With Football	22	13	69	41	90	46
III-No Football	18	12	58	43	63	45

TABLE 3.12
ANALYSIS OF TRENDS IN FOOTBALL EXPENSES

Fiscal Years 1981-1989
(Dollar Amounts in Thousands)

Expense Measures by NCAA Division	1981	1985	1989
Division I-A			
Largest amount reported	\$4,206	\$6,000	\$8,387
Average football expenses	1,769	2,391	3,112
Percentage of men's total expenses	41%	39%	39%
Division I-AA			
Largest amount reported	\$ 938	\$1,579	\$1,998
Average football expenses	450	751	967
Percentage of men's total expenses	38%	38%	39%
II With Football			
Largest amount reported	\$ 467	\$ 558	\$ 993
Average football expenses	123	245	331
Percentage of men's total expenses	34%	34%	39%
III With Football			
Largest amount reported	\$ 158	\$ 190	\$ 254
Average football expenses	42	62	75
Percentage of men's total expenses	17%	18%	21%

TABLE 3.13
FREQUENCY DISTRIBUTIONS FOR FOOTBALL EXPENSES

Fiscal Year 1989
(Dollar Amounts in Thousands)

Division I-A			Division I-AA		
More Than	Less Than	Number	More Than	Less Than	Number
\$ 0	\$ 750	1	\$ 0	\$ 200	0
750	1,500	14	200	400	1
1,500	2,250	16	400	600	6
2,250	3,000	17	600	800	16
3,000	3,750	17(M)	800	1,000	11(M)
3,750	4,500	7	1,000	1,200	8
4,500	5,250	5	1,200	1,400	5
5,250	6,000	2	1,400	1,600	3
6,000	6,750	2	1,600	1,800	0
6,750		5	1,800		4
		<u>86</u>			<u>54</u>
II With Football			III With Football		
More Than	Less Than	Number	More Than	Less Than	Number
\$ 0	\$ 75	5	\$ 0	\$ 15	1
75	150	7	15	30	9
150	225	11	30	45	14
225	300	6	45	60	17
300	375	4(M)	60	75	13
375	450	11	75	90	6(M)
450	525	4	90	105	13
525	600	4	105	120	2
600	675	4	120	135	2
675		2	135		10
		<u>58</u>			<u>87</u>

(M) Indicates interval corresponding with average football expenses for 1989.

ries and grants-in-aid (if awarded) in expenses of the athletics program.

Grants-in-Aid Expenses

In the questionnaire for this study, grant-in-aid was defined as follows:

"Any institutionally administered financial aid awarded to a student who has been recruited on the basis of athletics ability, or any athletically related financial aid provided to a student-athlete regardless of recruitment."

Average annual grant-in-aid expenses for men's and women's athletics programs are summarized in Table 3.10. The number of full grants awarded and the average annual cost of a full grant-in-aid are shown in Table 3.17. For all respondent groups, average total grant-in-aid expenses for men's athletics increased between 1985 and 1989. Information concerning grant-in-aid expenses for women's athletics in 1985 was not available for comparison. With the exception of Division III institutions, all

respondent groups showed increases in the number of full grants-in-aid awarded in the men's athletics program. The average annual cost of a full grant-in-aid increased significantly between 1985 and 1989 for all respondent groups.

The increases in total grant-in-aid expenses between 1985 and 1989 were caused by an increase in the annual cost of a full grant and, in most cases, an increase in the number of full grants awarded. The following tabulation summarizes the general relationships that explain the change in total grant-in-aid (GIA) expenses for men's athletics between 1985 and 1989.

Men's Athletics Programs	Percentage Change Between 1985 and 1989		
	Full Grants Awarded	Cost of Full Grant	Average Total GIA Expenses
I-A	+21%	+28%	+23%
I-AA	+30	+16	+20
I-AAA	+90	+40	+42
II With FB ..	+129	+24	+8
II-No FB ..	+92	+43	+37
III With FB ..	-16	+73	+19
III-No FB ..	-8	+101	+50

TABLE 3.14
ANALYSIS OF TRENDS IN BASKETBALL EXPENSES

Fiscal Years 1981-1989
(Dollar Amounts in Thousands)

Expense Measures by NCAA Division	Men's Athletics Programs			Women's Athletics Programs	
	1981	1985	1989	1985	1989
Division I-A					
Largest amount reported	\$1,184	\$1,684	\$4,522	\$553	\$825
Average basketball expenses	405	621	948	195	301
Percentage of program's total expenses ...	9%	10%	12%	24%	16%
Division I-AA					
Largest amount reported	\$ 407	\$ 444	\$1,000	\$271	\$357
Average basketball expenses	166	263	401	105	177
Percentage of program's total expenses ...	14%	13%	17%	28%	22%
Division I-AAA					
Largest amount reported	\$ 698	\$ 744	\$1,480	\$276	\$490
Average basketball expenses	273	314	487	88	182
Percentage of program's total expenses ...	43%	36%	38%	38%	28%
II With Football					
Largest amount reported	\$ 205	\$ 562	\$ 243	\$120	\$188
Average basketball expenses	54	117	125	46	83
Percentage of program's total expenses ...	15%	16%	14%	30%	26%
II-No Football					
Largest amount reported	\$ 226	\$ 287	\$ 222	\$336	\$201
Average basketball expenses	71	132	134	66	84
Percentage of program's total expenses ...	32%	32%	26%	39%	28%
III With Football					
Largest amount reported	\$ 553	\$ 464	\$ 233	\$131	\$117
Average basketball expenses	47	52	36	16	22
Percentage of program's total expenses ...	18%	16%	10%	21%	13%
III-No Football					
Largest amount reported	\$ 62	\$ 80	\$ 76	\$ 55	\$ 51
Average basketball expenses	17	25	25	11	18
Percentage of program's total expenses ...	15%	18%	14%	29%	12%

The general conclusion is that substantial increases in total grant-in-aid expenses were caused by increases in the annual cost of a full grant. To the extent that this comparison relies upon independent averages for these factors, total grant-in-aid expenses do not seem to reflect the full impact of both more grants and a higher cost per grant.

The following response summaries to questions regarding grant-in-aid expenses tend to confirm the general conclusion stated above. Respondents were asked to indicate the factors that significantly were responsible for increased annual operating expenses since 1985. The response summaries are limited to those institutions in Divisions I and II that awarded grants-in-aid (Part I, Questions 8d, 8f, 8l).

	I-A	I-AA	I-AAA	II-FB	II-No
Percentage awarding grants ...	97%	96%	98%	97%	97%

	I-A	I-AA	I-AAA	II-FB	II-No
Cost factors considered significant:					
Increased number of grants awarded in men's sports ...	29%	28%	67%	40%	53%
Increased annual cost of a full grant	99	96	93	84	94
Increased number of grants awarded in women's sports	61	62	95	62	75

The prevalent response is that increases in the annual cost of a full grant were responsible for resulting increases in total grant-in-aid expenses.

Expenses Related to Specific Sports

Expenses related to specific sports tend to indicate areas of emphasis within an athletics program and provide a measure of resource allocation. Spe-

TABLE 3.15
FREQUENCY DISTRIBUTIONS FOR MEN'S BASKETBALL EXPENSES

Fiscal Year 1989
(Dollar Amounts in Thousands)

Division I-A			Division I-AA			Division I-AAA		
More Than	Less Than	Number	More Than	Less Than	Number	More Than	Less Than	Number
\$ 0	\$ 200	2	\$ 0	\$ 100	0	\$ 0	\$ 100	1
200	400	10	100	200	8	100	200	6
400	600	14	200	300	13	200	300	10
600	800	16	300	400	9	300	400	10
800	1,000	11(M)	400	500	11(M)	400	500	5(M)
1,000	1,200	12	500	600	6	500	600	9
1,200	1,400	5	600	700	3	600	700	6
1,400	1,600	6	700	800	0	700	800	1
1,600	1,800	2	800	900	1	800	900	0
1,800		7	900		3	900		7
		<u>85</u>			<u>54</u>			<u>55</u>
II With Football			II-No Football			III With Football		
More Than	Less Than	Number	More Than	Less Than	Number	More Than	Less Than	Number
\$ 0	\$ 30	4	\$ 0	\$ 25	2	\$ 0	\$ 6	1
30	60	5	25	50	2	6	12	10
60	90	8	50	75	1	12	18	15
90	120	13	75	100	0	18	24	12
120	150	6(M)	100	125	7	24	30	11
150	180	9	125	150	6(M)	30	36	9(M)
180	210	6	150	175	4	36	42	3
210	240	5	175	200	4	42	48	5
240	270	1	200	225	5	48	54	6
270		0	225		0	54		14
		<u>57</u>			<u>31</u>			<u>86</u>
III-No Football								
More Than	Less Than	Number				More Than	Less Than	Number
\$ 0	\$ 5	0				\$ 0	\$ 5	0
5	10	9				5	10	9
10	15	6				15	20	5
15	20	5				20	25	7(M)
20	25	5				25	30	5
25	30	4				30	35	4
30	35	0				35	40	0
35	40	0				40	45	0
40	45	6				45		6
		<u>42</u>						

(M) Indicates interval corresponding with average men's basketball expenses for 1989.

cific sports are the major organizational units or economic segments comprising an athletics program. It is important to evaluate the expenses directly related to major sports and the percentage composition of total expenses classified by sport. Many expense items benefit more than one sport and are therefore common to several activities. Maintenance expenses, utilities, program administration, office supplies, certain salaries and communication expenses are examples of expenses that usually cannot be identified with specific sports. For purposes of measuring resource allocation, respondents were instructed that general and administrative expenses should not be allocated or apportioned to various sports.

In reporting total operating expenses directly related to particular sports, respondents were directed to include grants-in-aid, salaries, travel, equipment and all other expenses clearly identifiable with each sport. Respondents reported total operating expenses related to men's and women's athletics programs, which required a reasonable allocation of general overhead costs to each program. Within each program, respondents disclosed

expenses directly related to football (men's program), basketball and all other sports combined and the residual amount of expenses not related to specific sports. Average expenses classified by sport and their percentage relationship to total expenses are summarized in Table 3.11 for fiscal years 1985 and 1989.

In fiscal year 1989, expenses related directly to specific men's sports accounted for an average of 68 percent of total expenses for men's athletics. For 1989, expenses related to various sports represented an average of 64 percent of total expenses for women's athletics. These relationships can be used to measure the level of general overhead costs incurred by an athletics program. If 68 percent of total expenses are related directly to various sports, then 32 percent of total expenses represent general overhead or administrative expenses. Between 1985 and 1989, the percentage composition of total expenses classified by sport did not change significantly for men's athletics programs. Comparable information for women's athletics programs in 1985 was not available for comparison.

TABLE 3.16
FREQUENCY DISTRIBUTIONS FOR WOMEN'S BASKETBALL EXPENSES
Fiscal Year 1989
(Dollar Amounts in Thousands)

Division I-A			Division I-AA			Division I-AAA		
More Than	Less Than	Number	More Than	Less Than	Number	More Than	Less Than	Number
\$ 0	\$ 75	1	\$ 0	\$ 40	0	\$ 0	\$ 40	3
75	150	6	40	80	1	40	80	3
150	225	18	80	120	8	80	120	8
225	300	19	120	160	16	120	160	9
300	375	21(M)	160	200	12(M)	160	200	10(M)
375	450	9	200	240	6	200	240	7
450	525	5	240	280	4	240	280	6
525	600	1	280	320	1	280	320	2
600	675	1	320	360	3	320	360	1
675		1	360		0	360		3
		<u>82</u>			<u>51</u>			<u>52</u>
II With Football			II-No Football			III With Football		
More Than	Less Than	Number	More Than	Less Than	Number	More Than	Less Than	Number
\$ 0	\$ 20	4	\$ 0	\$ 20	3	\$ 0	\$ 5	1
20	40	9	20	40	4	5	10	17
40	60	9	40	60	7	10	15	21
60	80	6	60	80	4	15	20	12
80	100	12(M)	80	100	3(M)	20	25	7(M)
100	120	6	100	120	4	25	30	7
120	140	4	120	140	1	30	35	3
140	160	5	140	160	3	35	40	6
160	180	2	160	180	0	40	45	2
180		1	180		3	45		6
		<u>58</u>			<u>32</u>			<u>82</u>
III-No Football								
More Than	Less Than	Number						
\$ 0	\$ 4	2						
4	8	9						
8	12	6						
12	16	5						
16	20	5(M)						
20	24	4						
24	28	2						
28	32	4						
32	36	4						
36		3						
		<u>44</u>						

(M) Indicates interval corresponding with average women's basketball expenses for 1989.

Analysis of Football Expenses

Expenses related to football are analyzed in the following exhibits:

- Table 3.12—Analysis of Trends in Football Expenses, and
- Table 3.13—Frequency Distributions for Football Expenses.

Between 1981 and 1989, average annual football expenses increased significantly for Divisions I, II and III as shown by the trend analysis in Table 3.12. In relationship to total expenses, however, football expenses have declined on a percentage basis since 1977. In relative terms, the annual growth rate for average football expenses was less than the annual growth rate for average total expenses between 1977 and 1989. While the amount of football expenses at most institutions has increased annually, the annual rate of change was less than the growth rate for total expenses related to men's athletics. During the period 1977-1989, the percentage of football expenses to total men's expenses decreased.

Football expenses for 1989 are summarized with frequency distributions in Table 3.13. For 1989, there was a wide range of football expenses reported by each respondent category. For Division I-A, 56 percent of respondents reported football expenses of

\$3 million or less. In Division I-AA, 63 percent of institutions reported football expenses of \$1 million or less. In Division II, 50 percent of respondents had football expenses of \$300,000 or less.

Analysis of Basketball Expenses

Expenses related to basketball are analyzed in the following exhibits:

- Table 3.14—Analysis of Trends in Basketball Expenses,
- Table 3.15—Frequency Distributions for Men's Basketball Expenses, and
- Table 3.16—Frequency Distributions for Women's Basketball Expenses.

Between 1981 and 1989, average men's basketball expenses increased substantially for most respondent groups, as shown in Table 3.14. For Divisions I-A and I-AA, basketball expenses have increased as a percentage of men's total expenses. Between 1985 and 1989, average women's basketball expenses showed significant increases. Frequency distributions for 1989 basketball expenses are shown in Table 3.15 for men's basketball and Table 3.16 for women's basketball.

Summary

Average total operating expenses of intercolle-

TABLE 3.17
ORGANIZATION AND ACTIVITY DATA

Fiscal Years 1985 and 1989
(Dollar Amounts in Thousands)

Average Measures for Organization and Activity Data				Division II		Division III	
	I-A	I-AA	I-AAA	With FB	No FB	With FB	No FB
Number of participating athletes							
Men's program-1989	335	260	150	229	104	263	137
Men's program-1985	352	363	175	271	151	297	175
Women's program-1989	136	109	88	104	73	128	108
Women's program-1985	126	146	61	102	70	101	95
Number of varsity sports offered							
Men's program-1989	10	9	8	8	6	10	7
Men's program-1985	11	13	12	10	9	12	10
Women's program-1989	8	8	7	6	6	8	7
Women's program-1985	8	9	6	7	5	7	6
Number of coaching personnel							
Men's program-1989	23	15	8	8	4	7	4
Men's program-1985	23	17	7	9	5	7	5
Women's program-1989	11	7	5	4	3	4	3
Number of full-time equivalent noncoaching personnel-1989	50	16	11	6	5	5	3
Number of full grants-in-aid awarded							
Men's program-1989	147	105	38	48	23	16	11
Men's program-1985	121	81	20	21	12	19	12
Women's program-1989	62	39	26	18	15	5	0
Annual cost of a full grant-in-aid							
Fiscal year 1989	\$7,731	\$6,672	\$9,838	\$6,034	\$8,690	\$15,167	\$15,000
Fiscal year 1985	6,041	5,733	7,026	4,852	6,072	8,749	7,473

giate athletics programs increased substantially during the four-year period ending in fiscal year 1989. During the period 1986-1989, compound annual growth rates for total expenses ranged from eight percent to 13 percent. For the same period, a 13 percent cumulative increase in average total expenses would be expected if operating expenses had increased at a rate equal to inflationary trends measured by the Consumer Price Index. Average total expenses of all respondent groups increased by more than 13 percent between 1986 and 1989. After adjustment for inflation, all respondent groups showed a real increase in average total expenses between 1986 and 1989, ranging from 12 percent to 27 percent. Estimated aggregate expenses of all NCAA member institutions in 1989 were \$1.83 billion for men's and women's athletics on a combined

basis.

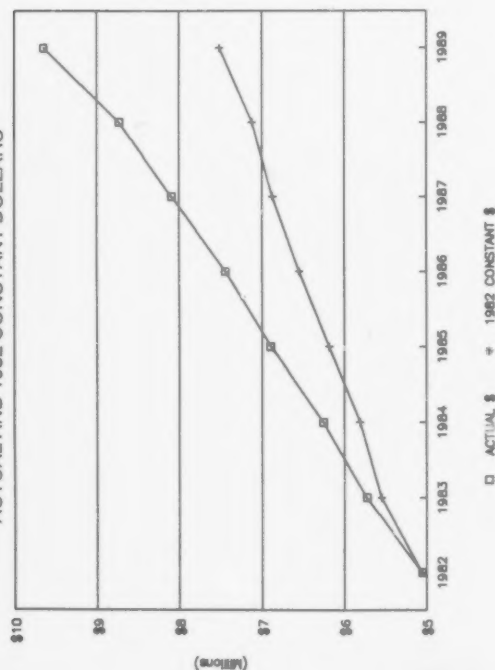
The major types of operating expenses classified by object are grants-in-aid, guarantees and options paid, salaries, travel, and equipment. For fiscal year 1989, grants-in-aid and salaries on a combined basis accounted for approximately 50 percent of total operating expenses in both men's and women's athletics programs. In 1989, expenses directly related to various sports accounted for approximately 68 percent of total expenses for men's athletics and 64 percent of total women's expenses. As a percentage of total men's expenses, expenses directly related to football have decreased on a relative basis since 1977. As shown in Table 3.17, the number of participating athletes and number of varsity sports generally declined between 1985 and 1989.

Expense Graphics Section

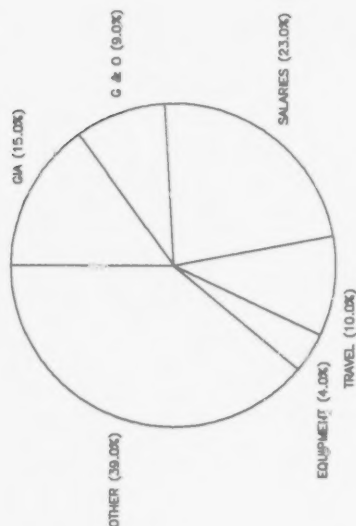
There is one page of expense graphs for each respondent category. Each graph and related sources of data are described below.

Average Total Expenses, 1982-1989 (line chart)
Amounts shown, in actual dollars and 1982 constant dollars. Data source: Table 3.1

AVERAGE TOTAL EXPENSES - DIV. I-A
ACTUAL AND 1982 CONSTANT DOLLARS



EXPENSES OF MEN'S ATHLETICS
FISCAL YEAR 1989 - DIV. I-A

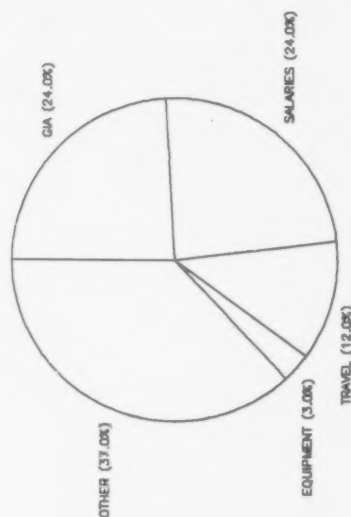


Expenses of Men's Athletics, 1989 (pie chart) Data source: Table 3.10

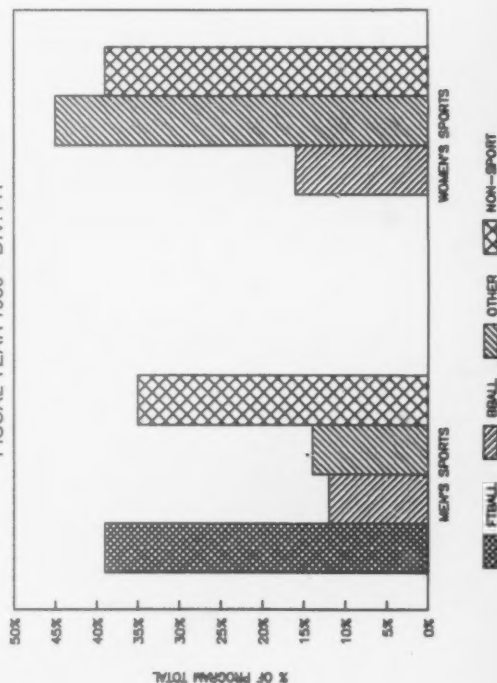
Expenses of Women's Athletics, 1989 (pie chart) Data source: Table 3.10

Expenses Classified by Sport - Men's and Women's Athletics, 1989 (bar chart) Data source: Table 3.11

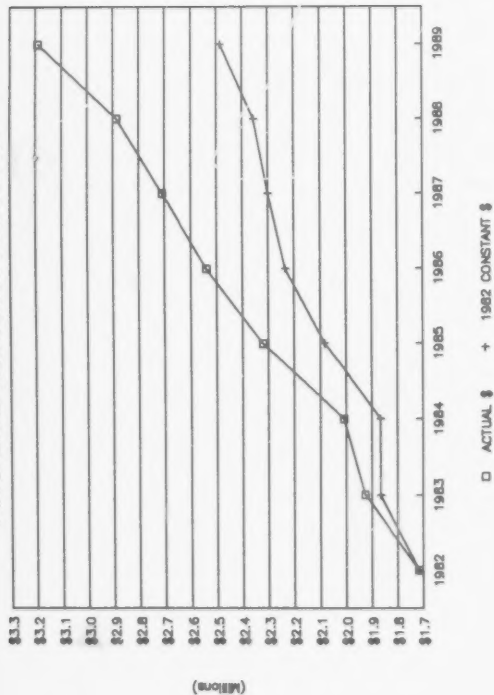
EXPENSES OF WOMEN'S ATHLETICS
FISCAL YEAR 1989 - DIV. I-A



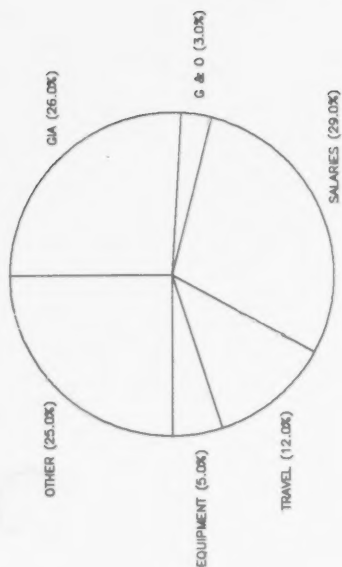
EXPENSES CLASSIFIED BY SPORT
FISCAL YEAR 1989 - DIV. I-A



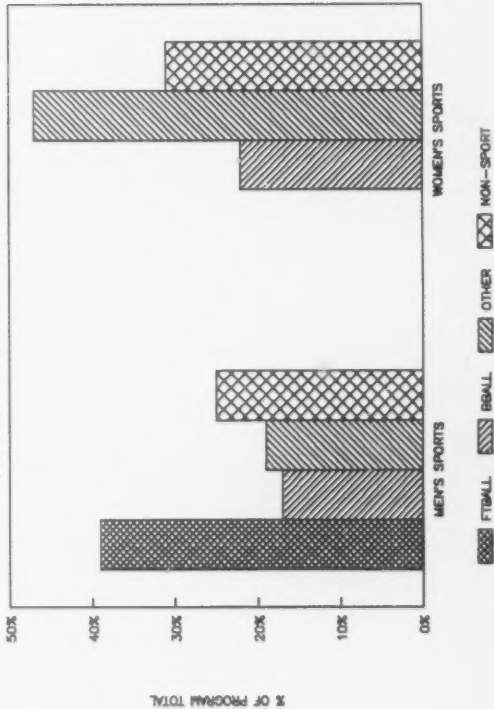
AVERAGE TOTAL EXPENSES - DIV. I-AA ACTUAL AND 1982 CONSTANT DOLLARS



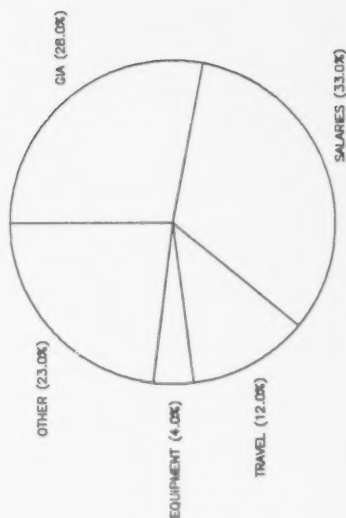
EXPENSES OF MEN'S ATHLETICS FISCAL YEAR 1989 - DIV. I-AA



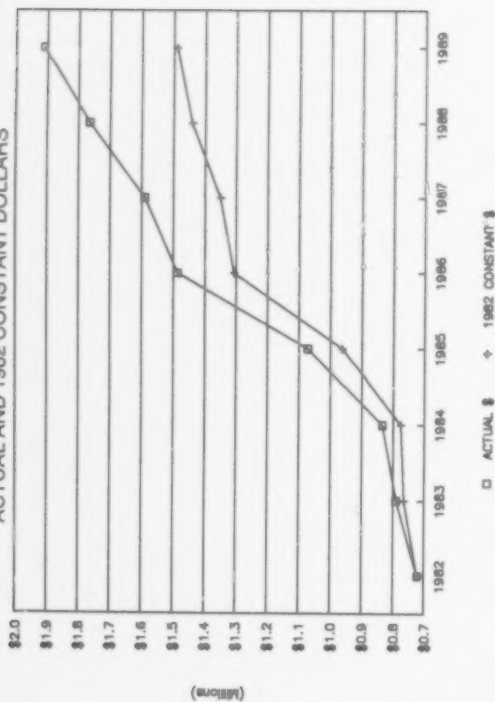
EXPENSES CLASSIFIED BY SPORT FISCAL YEAR 1989 - DIV. I-AA



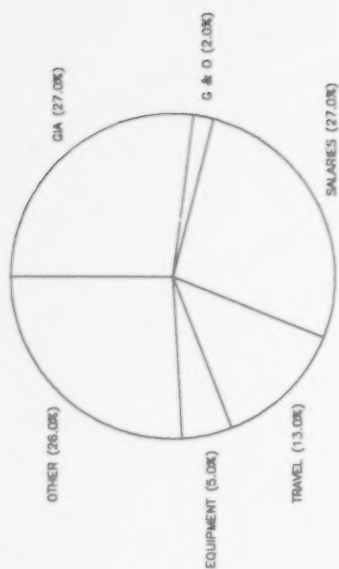
EXPENSES OF WOMEN'S ATHLETICS FISCAL YEAR 1989 - DIV. I-AA



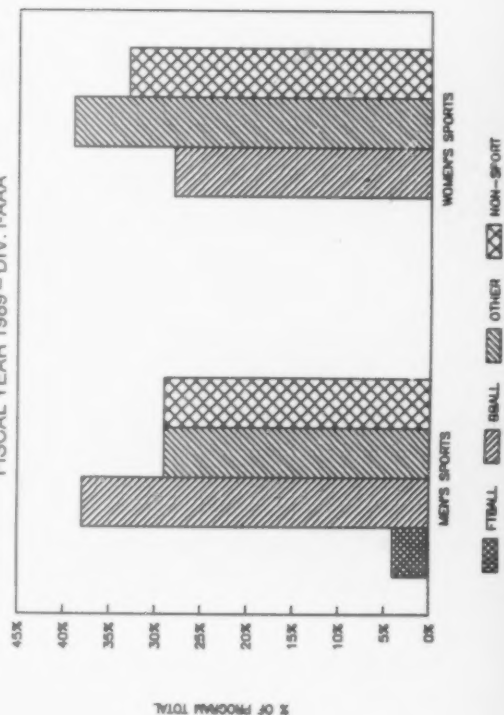
AVERAGE TOTAL EXPENSES - DIV. I-AAA
ACTUAL AND 1982 CONSTANT DOLLARS



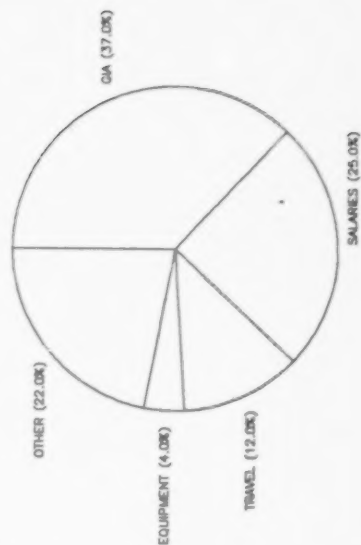
EXPENSES OF MEN'S ATHLETICS
FISCAL YEAR 1989 - DIV. I-AAA



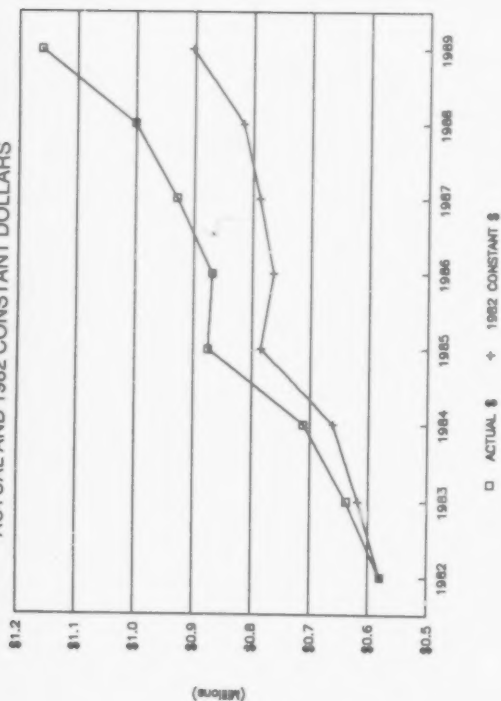
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FISCAL YEAR 1989 - DIV. I-AAA



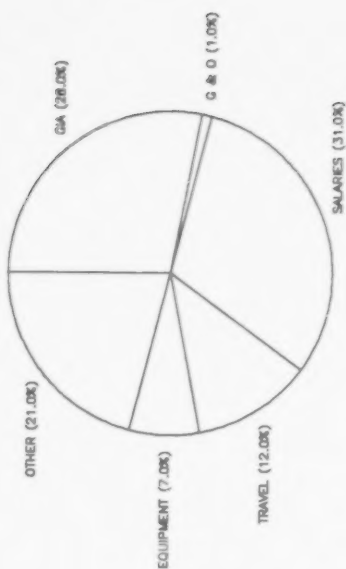
EXPENSES OF WOMEN'S ATHLETICS
FISCAL YEAR 1989 - DIV. I-AAA



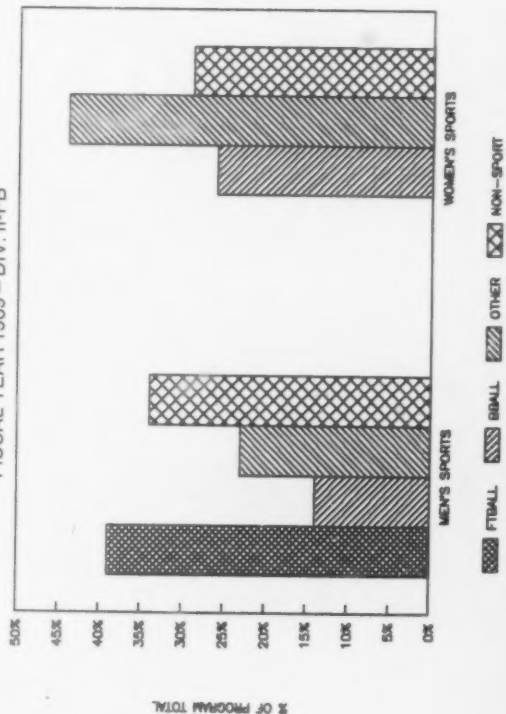
AVERAGE TOTAL EXPENSES - DIV. II-FB ACTUAL AND 1982 CONSTANT DOLLARS



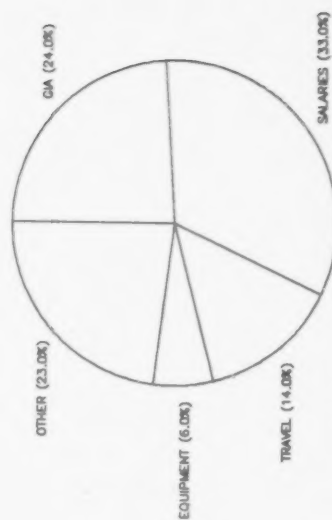
EXPENSES OF MEN'S ATHLETICS FISCAL YEAR 1989 - DIV. II-FB



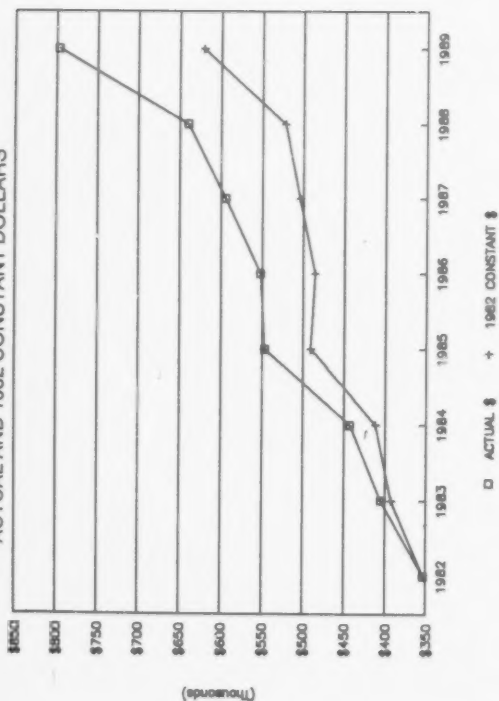
EXPENSES CLASSIFIED BY SPORT FISCAL YEAR 1989 - DIV. II-FB



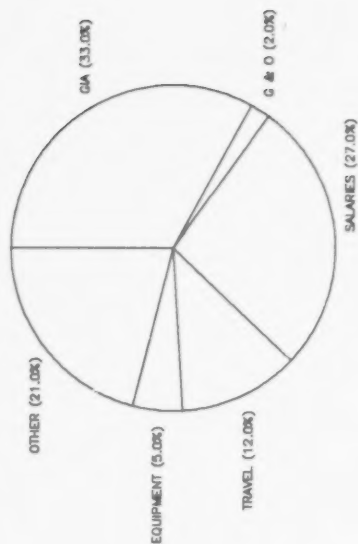
EXPENSES OF WOMEN'S ATHLETICS FISCAL YEAR 1989 - DIV. II-FB



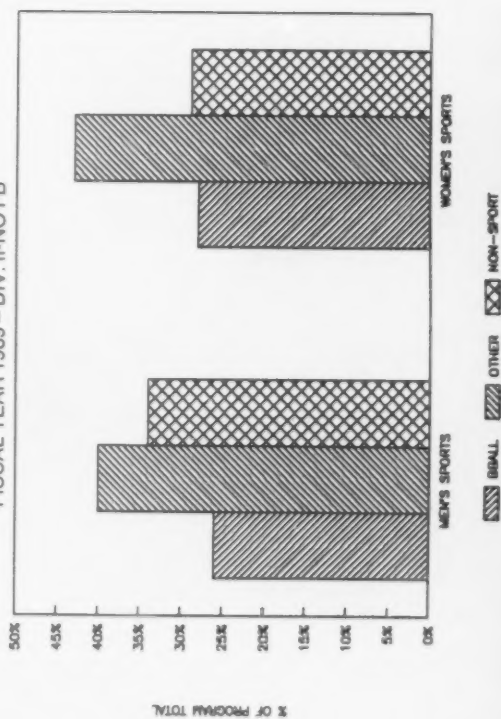
AVERAGE TOTAL EXPENSES - DIV. II-NO FB
ACTUAL AND 1982 CONSTANT DOLLARS



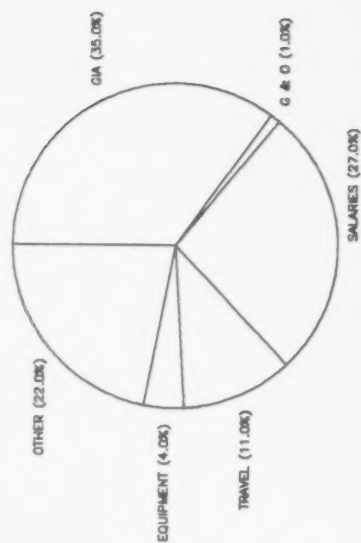
EXPENSES OF MEN'S ATHLETICS
FISCAL YEAR 1989 - DIV. II-NO FB



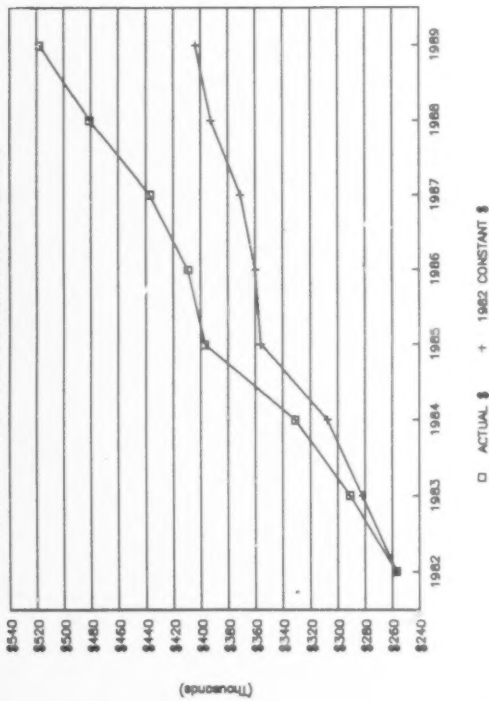
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FISCAL YEAR 1989 - DIV. II-NO FB



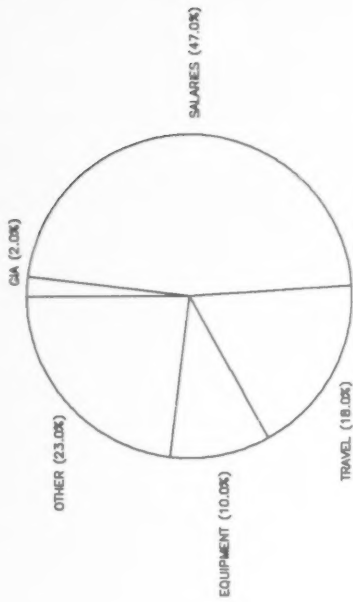
EXPENSES OF WOMEN'S ATHLETICS
FISCAL YEAR 1989 - DIV. II-NO FB



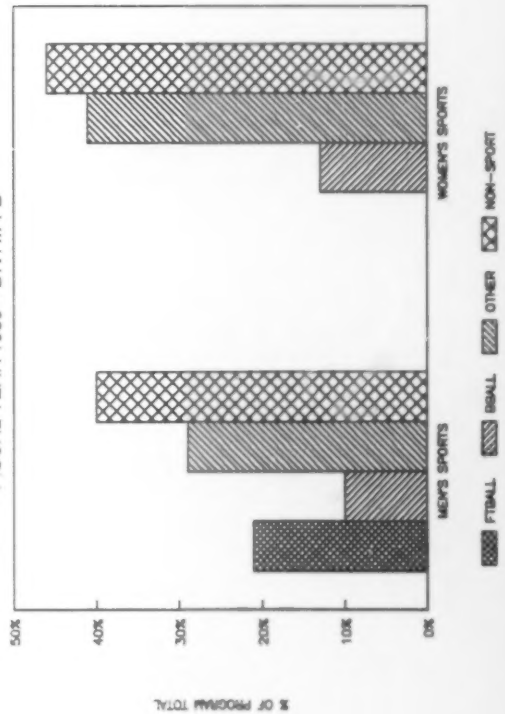
AVERAGE TOTAL EXPENSES - DIV. III-FB ACTUAL AND 1982 CONSTANT DOLLARS



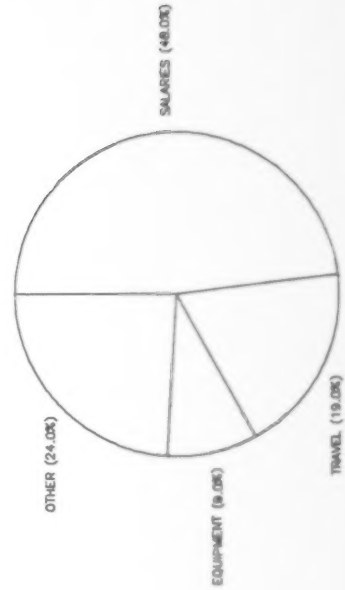
EXPENSES OF MEN'S ATHLETICS FISCAL YEAR 1989 - DIV. III-FB



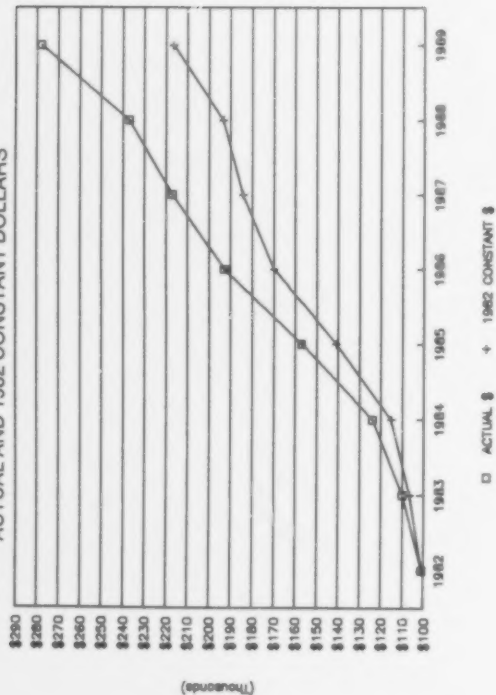
EXPENSES CLASSIFIED BY SPORT FISCAL YEAR 1989 - DIV. III-FB



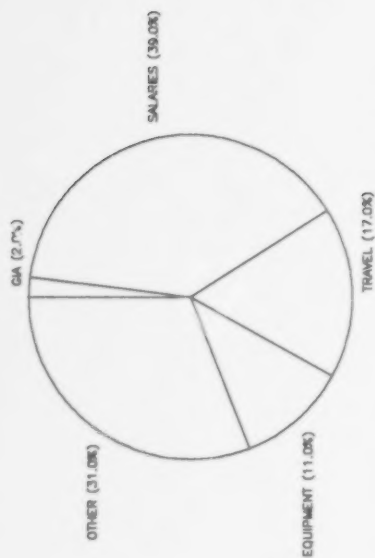
EXPENSES OF WOMEN'S ATHLETICS FISCAL YEAR 1989 - DIV. III-FB



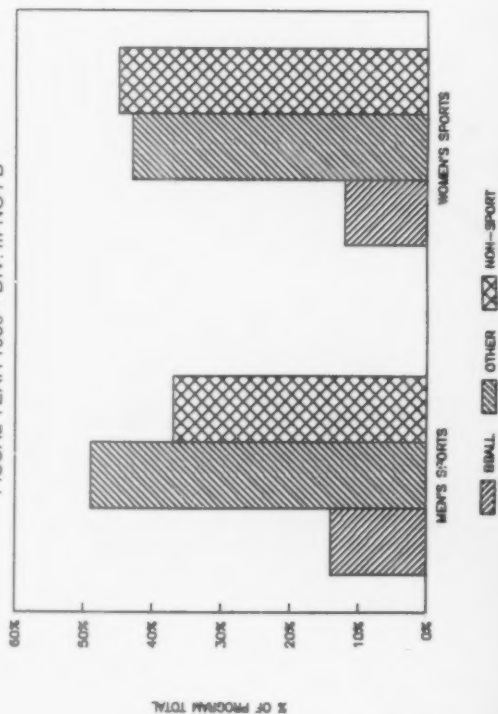
AVERAGE TOTAL EXPENSES - DIV. III-NO FB
ACTUAL AND 1982 CONSTANT DOLLARS



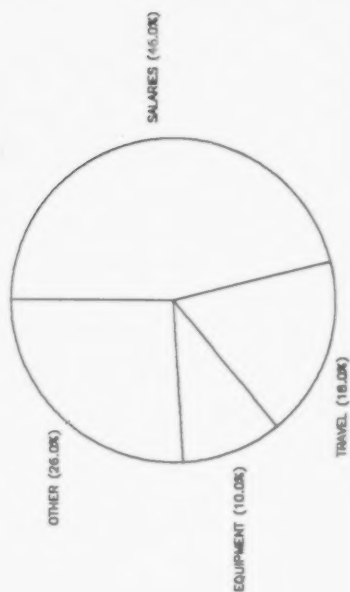
EXPENSES OF MEN'S ATHLETICS
FISCAL YEAR 1989 - DIV. III-NO FB



EXPENSES CLASSIFIED BY SPORT
FISCAL YEAR 1989 - DIV. III-NO FB



EXPENSES OF WOMEN'S ATHLETICS
FISCAL YEAR 1989 - DIV. III-NO FB



CHAPTER IV

Revenue and Expense Relationships

Revenue and expense relationships are examined in this chapter by comparing average revenues and expenses and by analyzing net financial results. Net financial results were measured by comparing revenues and expenses of each respondent and classifying the difference as *operating profit* or *deficit*. Operating profit describes an excess of revenues over expenses; deficit refers to an excess of expenses over revenues. The earning of profits is not consistent with the financial objectives of most athletics programs. The term *profit* is used in this study to describe a condition in which revenues exceed expenses.

Operating profits and deficits are analyzed for the total athletics program, for men's and women's athletics programs, and for the major sports of football, men's basketball and women's basketball. The financial objectives and operating policies affecting respondents' athletics programs are summarized to provide a basis for evaluating revenue and expense relationships. A summary of factors explaining general financial trends concludes the report.

Financial Objectives and Policies

The significance of operating profits and deficits for athletics programs depends upon the financial objectives and related policies that govern the operation of these programs. In the 1985 study and

again in 1989, sufficiency of revenues was cited as the dominant financial objective of athletics programs. If an athletics program generates significant revenues, then it should be accounted for within the university as an *auxiliary enterprise* that provides services on a fee basis. Fees charged for these services are related directly to the cost of rendering services. An understanding of this environment and related financial objectives is essential to interpreting revenue and expense relationships for athletics programs.

With regard to basic financial objectives, 84 percent of all respondents in the 1989 survey specified revenue-sufficiency objectives that are consistent with the goal of generating revenues to recover program costs. The response summary below indicates the dominance of financial objectives related to revenue sufficiency (Part I, Question 4). The first two objectives (Q-4d and Q-4c) in this listing are related to the goal of revenue sufficiency.

The first-ranked financial objective in all categories except Division I-A is "to earn as much revenue as possible with any deficit in athletics covered by general operating funds of the institution" (Q-4d). For Division I-A, the first-ranked objective is "to earn sufficient revenues to cover expenses of athletics programs" (Q-4c).

A policy matter related to the financial objectives

Financial Objectives of Athletics Programs	I-A	I-AA	I-AAA	II-FB	No II-FB	III-FB	No III-FB
Q-4d) Earn maximum revenues with any deficits financed by institutional resources							
1989 survey	19%	58%	57%	77%	70%	73%	50%
1985 survey	17	51	56	57	81	94	84
Q-4c) Earn sufficient revenues to recover program costs							
1989 survey	70%	42%	38%	18%	15%	3%	8%
1985 survey	65	39	35	32	11	6	15
Q-4a) Earn profits in order to expand the athletics program							
1989 survey	15%	7%	4%	5%	9%	0%	2%
1985 survey	17	9	9	8	4	0	1
Q-4b) Earn profits to support nonathletics activities of the institution							
1989 survey	1%	0%	2%	0%	0%	0%	0%
1985 survey	1	1	0	3	4	0	0

Extent of Reliance Upon Institutional Resources	Rank Order of Indicated Policies						
	Division I			Division II		Division III	
	A	AA	AAA	FB	No	FB	No
Q-3a) To cover any athletics program deficit	4	3	3	3	3	2	3
Q-3b) To pay certain operating expenses	3	1	2	1	1	1	1
Q-3c) To support nonrevenue sports	2	2	1	2	2	3	2
Q-3d) None (self-supporting program)	1	4	4	4	4	4	4

expressed by most respondents concerns the ability of the athletics program to rely upon institutional resources to cover deficits or certain operating expenses. The summary above presents the rank order of policies indicated by respondents as being applicable to their operations (Part I, Question 3).

As ranked by all respondents collectively, the most common practice (64 percent) is Q-3b for certain operating expenses such as salaries and travel to be paid from institutional resources (meaning funds not generated by the athletics program). The second most frequently cited policy is Q-3c, which is use of institutional funds to support nonrevenue-

producing sports (60 percent). The third-ranked policy is Q-3a, which is reliance upon institutional resources only if a deficit is incurred by the athletics program (48 percent). The least frequently cited policy is Q-3d, which is operating on a self-supporting basis within the limits of revenues generated by the athletics program (19 percent of all respondents collectively).

In contrast with other respondents, 58 percent of Division I-A indicated Q-3d, the self-supporting basis as an applicable policy. For most athletics programs, reliance upon operating funds of the institution is essential. In respondent categories other

TABLE 4.1
COMPARATIVE AVERAGES FOR TOTAL REVENUES AND EXPENSES*

Fiscal Years 1982-1989
(Dollar Amounts in Thousands)

Average Operating Results by NCAA Division	1982	1983	1984	1985	1986	1987	1988	1989
Division I-A								
Total revenues	\$4,916	\$5,924	\$6,496	\$6,833	\$7,600	\$8,351	\$8,785	\$9,685
Total expenses	5,054	5,728	6,256	6,894	7,441	8,093	8,724	9,646
Implied profit (deficit) (a)	(138)	196	240	(61)	159	258	61	39
Division I-AA								
Total revenues	\$1,170	\$1,335	\$1,423	\$1,616	\$1,834	\$1,949	\$2,096	\$2,409
Total expenses	1,716	1,925	2,008	2,321	2,539	2,709	2,886	3,191
Implied deficit	546	590	585	705	705	760	790	782
Division I-AAA								
Total revenues	\$ 402	\$ 462	\$ 477	\$ 609	\$ 901	\$ 941	\$1,074	\$1,197
Total expenses	721	790	834	1,072	1,486	1,590	1,765	1,911
Implied deficit	319	328	357	463	585	649	691	714
II With Football								
Total revenues	\$ 306	\$ 340	\$ 384	\$ 469	\$ 543	\$ 581	\$ 613	\$ 714
Total expenses	580	638	712	875	869	929	1,001	1,161
Implied deficit	274	298	328	406	326	348	388	447
II-No Football								
Total revenues	\$ 210	\$ 237	\$ 268	\$ 349	\$ 316	\$ 307	\$ 396	\$ 429
Total expenses	353	405	443	547	552	594	640	797
Implied deficit	143	168	175	198	236	287	244	368
III With Football								
Total revenues	\$ 35	\$ 43	\$ 45	\$ 70	\$ 80	\$ 86	\$ 98	\$ 118
Total expenses	257	291	331	397	409	437	481	518
Implied deficit	222	248	286	327	329	351	383	400
III-No Football								
Total revenues	\$ 42	\$ 46	\$ 51	\$ 97	\$ 46	\$ 56	\$ 77	\$ 133
Total expenses	101	110	124	157	193	217	237	278
Implied deficit	59	64	73	60	147	161	160	145

*Unless indicated otherwise, all information reported in this study involves men's and women's athletics programs on a combined basis.

(a) Deficit is used to describe an excess of expenses over revenues.

Profit is used to describe an excess of revenues over expenses.

than Division I-A, most institutions reported operating expenses in excess of revenues for the athletics program.

In general, the revenue and expense relationships presented in this chapter are consistent with the prevalent financial objectives and related policies of athletics programs.

Analysis of Revenues and Expenses

A comparative analysis of revenues and expenses reveals the basic financial characteristics of an athletics program. In the following sections, average revenues and expenses are compared to approximate the average net resource requirements of each respondent group. Actual operating profits and deficits of respondents in each category then are analyzed.

Total Revenues and Expenses

Total revenues and expenses are analyzed comparatively in the following exhibits:

- Table 4.1—Comparative Averages for Total Rev-

enues and Expenses,

- Table 4.2—Total Operating Profits and Deficits,
- Table 4.3—Frequency Distributions for Total Operating Deficits,
- Table 4.4—Total Operating Profits and Deficits Classified by Program,
- Table 4.5—Frequency Distributions for Men's Operating Profits,
- Table 4.6—Frequency Distributions for Men's Operating Deficits, and
- Table 4.7—Frequency Distributions for Women's Operating Deficits.

As indicated in Table 4.1, average total expenses exceeded average total revenues of each respondent group during the period 1982-1989, with the exception of Division I-A. Differences between average revenues and expenses in Table 4.1 are described as implied deficits or profits and were computed only for purposes of summarizing the comparative differences between revenues and expenses of each category. For the eight-year period 1982-1989, the implied deficits of applicable respondent groups increased significantly. The general trend indicates

TABLE 4.2
TOTAL OPERATING PROFITS AND DEFICITS
Fiscal Years 1985 and 1989
(Dollar Amounts in Thousands)

Operating Profits and Deficits by NCAA Division	Revenues Exceed Expenses		Expenses Exceed Revenues		Number With Balanced Budget	Percent Reporting Deficits
	Number of Respondents	Average Profit	Number of Respondents	Average Deficit		
Division I-A						
Fiscal year 1989	48	\$1,046	35	\$1,337	4	40%
Fiscal year 1985	37	1,175	50	977	2	56
Fiscal year 1981	27	656	36	540	2	55
Division I-AA						
Fiscal year 1989	18	199	28	1,636	8	52
Fiscal year 1985	5	139	45	831	2	87
Fiscal year 1981	3	194	28	456	0	90
Division I-AAA						
Fiscal year 1989	15	166	40	1,061	1	71
Fiscal year 1985	5	122	29	565	0	85
Fiscal year 1981	5	158	14	312	1	70
II With Football						
Fiscal year 1989	9	42	39	685	11	66
Fiscal year 1985	2	50	32	459	2	89
Fiscal year 1981	7	58	28	225	4	72
II-No Football						
Fiscal year 1989	6	29	22	560	5	67
Fiscal year 1985	4	25	21	256	0	84
Fiscal year 1981	5	8	18	202	3	69
III With Football						
Fiscal year 1989	4	131	80	470	6	89
Fiscal year 1985	1	9	86	343	1	98
Fiscal year 1981	2	38	59	230	2	94
III-No Football						
Fiscal year 1989	5	24	43	231	6	80
Fiscal year 1985	5	87	56	109	2	89
Fiscal year 1981	1	2	17	106	6	71

that revenue growth was not sufficient to match the increase in total operating expenses for many respondents.

Actual operating profits and deficits based on total revenues and expenses of each respondent are summarized in Table 4.2 for fiscal years 1981, 1985 and 1989. For Division I-A, 40 percent of respondents reported deficits in fiscal year 1989, which increased from an average of \$977,000 in 1985 to \$1,337,000 in 1989. Average revenues and expenses increased materially from 1981 to 1989, but the percentage of Division I-A respondents reporting deficits decreased from 55 percent to 40 percent. Accordingly, revenues in 1989 were sufficient for 60 percent of the Division I-A institutions to recover total operating expenses. The average deficit for all other respondent groups increased significantly between 1985 and 1989. For all respondent groups, the percentage of institutions reporting deficits declined between 1985 and 1989.

Operating deficits incurred during 1989 are

described further by the frequency distributions in Table 4.3. These distributions indicate the complete range of deficits reported by all respondents with total expenses exceeding total revenues.

Operating profits and deficits for men's and women's athletics programs are summarized in Table 4.4. As described in Chapter II, revenues of men's and women's athletics include amounts directly related to each program plus an allocated share of indirect revenues. As described in Chapter III, expenses of each program include all direct expenses plus an allocated share of general overhead expenses. These revenue and expense amounts were used to compute operating profits or deficits for each program.

For all Division I categories, the percentage of respondents reporting deficits in men's athletics programs decreased between 1985 and 1989; the average profits and deficits in men's athletics also increased significantly. For fiscal year 1989, 81 percent of the Division I-A respondents reported reve-

TABLE 4.3
FREQUENCY DISTRIBUTIONS FOR TOTAL OPERATING DEFICITS*

Fiscal Year 1989
(Dollar Amounts in Thousands)

Division I-A			Division I-AA			Division I-AAA		
More Than	Less Than	Number	More Than	Less Than	Number	More Than	Less Than	Number
\$ 0	\$ 300	11	\$ 0	\$ 300	10	\$ 0	\$ 200	9
300	600	5	300	600	1	200	400	3
600	900	3	600	900	0	400	600	1
900	1,200	3	900	1,200	4	600	800	4
1,200	1,500	2(M)	1,200	1,500	1	800	1,000	2
1,500	1,800	1	1,500	1,800	0(M)	1,000	1,200	3(M)
1,800	2,100	1	1,800	2,100	4	1,200	1,400	4
2,100	2,400	1	2,100	2,400	2	1,400	1,600	3
2,400	2,700	1	2,400	2,700	0	1,600	1,800	6
2,700		7	2,700		6	1,800		5
		<u>35</u>			<u>28</u>			<u>40</u>
Std dev = \$1,549			Std dev = \$1,700			Std dev = \$859		
II With Football			II-No Football			III With Football		
More Than	Less Than	Number	More Than	Less Than	Number	More Than	Less Than	Number
\$ 0	\$ 150	9	\$ 0	\$ 100	2	\$ 0	\$ 100	6
150	300	1	100	200	1	100	200	13
300	450	5	200	300	1	200	300	10
450	600	3	300	400	3	300	400	10
600	750	1(M)	400	500	2	400	500	13(M)
750	900	6	500	600	4(M)	500	600	12
900	1,050	2	600	700	3	600	700	2
1,050	1,200	5	700	800	0	700	800	3
1,200	1,350	5	800	900	2	800	900	0
1,350		2	900		4	900		11
		<u>39</u>			<u>22</u>			<u>80</u>
Std dev = \$495			Std dev = \$303			Std dev = \$354		
III-No Football								
More Than	Less Than	Number						
\$ 0	\$ 50	3						
50	100	7						
100	150	3						
150	200	10						
200	250	4(M)						
250	300	6						
300	350	4						
350	400	0						
400	450	0						
450		6						
		<u>43</u>						
Std dev = \$166								

* Operating deficit is defined as the excess of total expenses over total revenues.
(M) Indicates interval corresponding with average operating deficit for 1989.

nues equal to or greater than total expenses of their men's athletics programs. Accordingly, many Division I-A institutions are able to operate their men's athletics program on a self-supporting basis.

As shown in Table 4.4, the vast majority of women's athletics programs operated on a deficit basis in 1989. As defined in 1989, revenues and full cost information for women's athletics in 1985 were not available for comparative analysis.

Details of operating profits and deficits for men's and women's athletics in 1989 are summarized by frequency distributions in Tables 4.5, 4.6 and 4.7.

Football Revenues and Expenses

Trends in football revenues and expenses were summarized in Tables 2.12 and 3.12, respectively. Actual football profits and deficits were determined by comparing football revenues and football expenses of each respondent. Football revenues include amounts derived from all activities directly related to football. Football expenses include amounts directly related to football without any

allocation of general overhead costs.

Actual football profits and deficits in 1981, 1985 and 1989 are analyzed in Table 4.8. In all groups, the percentage of respondents with football deficits increased between 1981 and 1989. The largest operating profits and deficits in football are shown by the following tabulations, with dollar amounts in thousands.

Football Profits and Deficits (\$000)	Largest Amounts Reported (1989)	
	Football Profit	Football Deficit
Division I-A	\$9,625	\$1,713
Division I-AA	435	1,540
Division II	53	720
Division III	27	231

Consistent with the profitability of football for many Division I-A respondents, the average 1989 football profit of \$2,771,000 exceeds the average deficit of \$638,000, and the largest football deficit of \$1,713,000 is less than the average football profit. Because more than 90 percent of all other respon-

TABLE 4.4
TOTAL OPERATING PROFITS AND DEFICITS CLASSIFIED BY PROGRAM
Fiscal Years 1985 and 1989
(Dollar Amounts in Thousands)

Operating Profits and Deficits by NCAA Division	Revenues Exceed Expenses		Expenses Exceed Revenues		Number With Balanced Budget	Percent Reporting Deficits
	Number of Respondents	Average Profit	Number of Respondents	Average Deficit		
Division I-A						
Men's program-1989	69	\$1,814	16	\$1,376	1	19%
Men's program-1985	54	1,355	31	716	4	35
Women's program-1989	5	85	78	1,354	2	92
Division I-AA						
Men's program-1989	29	91	24	1,331	1	44
Men's program-1985	15	142	28	943	9	54
Women's program-1989	9	105	43	653	1	81
Division I-AAA						
Men's program-1989	22	360	33	726	0	60
Men's program-1985	9	256	23	514	2	68
Women's program-1989	7	81	48	476	0	87
II With Football						
Men's program-1989	17	106	38	541	3	66
Men's program-1985	5	111	27	421	4	75
Women's program-1989	5	32	48	209	5	83
II-No Football						
Men's program-1989	9	145	21	361	1	68
Men's program-1985	6	19	14	259	4	58
Women's program-1989	2	10	28	219	2	88
III With Football						
Men's program-1989	7	97	80	322	0	92
Men's program-1985	5	7	72	309	1	92
Women's program-1989	0	0	85	152	0	100
III-No Football						
Men's program-1989	6	62	37	158	0	86
Men's program-1985	7	76	30	116	7	68
Women's program-1989	2	8	46	120	1	94

Respondent Category	Percentage of Men's Total Revenues and Expenses Related to Football				Resource Allocation Index	
	Revenues		Expenses		1985	1989
	1985	1989	1985	1989		
Division I-A	55%	47%	39%	39%	1.41	1.21
Division I-AA	33	22	38	39	.87	.56
Division II	22	18	34	39	.65	.46
Division III	14	11	18	21	.78	.52

dent groups reported football deficits in 1989, the average football profits for respondents other than Division I-A are relatively insignificant. The frequency distribution for Division I-A football profits in 1989 is presented in Table 4.10. Frequency distributions for 1989 football deficits are summarized in Table 4.11.

As a summary of the revenue and expense relationships for intercollegiate football, the tabulation above compares the percentage of men's total revenues provided by football with the percentage of men's total expenses related to football in fiscal years 1985 and 1989.

As a general trend, the percentage of men's total revenues provided by football decreased; the percentage of men's total expenses directly related to football increased between 1985 and 1989 for all respondents except Division I-A.

The resource allocation index measures the proportionate relationship between share of men's total revenues provided by football and share of men's total expenses directly related to football. For example, the 1989 resource allocation index for Division I-A football is 1.21, which is the 47 percent revenue share divided by the 39 percent expense share. An index of 1.0 or greater indicates that foot-

TABLE 4.5
FREQUENCY DISTRIBUTIONS FOR MEN'S OPERATING PROFITS*

Fiscal Year 1989
(Dollar Amounts in Thousands)

Division I-A			Division I-AA			Division I-AAA		
More Than	Less Than	Number	More Than	Less Than	Number	More Than	Less Than	Number
\$ 0	\$ 400	17	\$ 0	\$ 100	4	\$ 0	\$ 75	6
400	800	11	100	200	7	75	150	2
800	1,200	9	200	300	3	150	225	2
1,200	1,600	4	300	400	0	225	300	1
1,600	2,000	4(M)	400	500	3	300	375	2(M)
2,000	2,400	5	500	600	2(M)	375	450	2
2,400	2,800	2	600	700	3	450	525	1
2,800	3,200	0	700	800	1	525	600	1
3,200	3,600	3	800	900	1	600	675	1
3,600		14	900		5	675		4
		<u>69</u>			<u>29</u>			<u>22</u>
II With Football			II-No Football			III With Football		
More Than	Less Than	Number	More Than	Less Than	Number	More Than	Less Than	Number
\$ 0	\$ 20	7	\$ 0	\$ 30	3	\$ 0	\$ 20	2
20	40	1	30	60	1	20	40	0
40	60	1	60	90	1	40	60	0
60	80	2	90	120	1	60	80	1
80	100	0	120	150	1(M)	80	100	0(M)
100	120	0(M)	150	180	0	100	120	1
120	140	1	180	210	1	120	140	1
140	160	1	210	240	0	140	160	0
160	180	1	240	270	0	160	180	2
180		3	270		1	180		0
		<u>17</u>			<u>9</u>			<u>7</u>
III-No Football								
More Than	Less Than	Number				More Than	Less Than	Number
\$ 0	\$ 15	3				\$ 0	\$ 15	3
15	30	0				15	30	0
30	45	0				30	45	0
45	60	0				45	60	0
60	75	0(M)				60	75	0(M)
75	90	0				75	90	0
90	105	0				90	105	0
105	120	2				105	120	2
120	135	0				120	135	0
135		1				135		1
		<u>6</u>						<u>6</u>

* Operating profit is defined as the excess of total revenues over total expenses.
(M) Indicates interval corresponding with average men's operating profit for 1989.

ball provided a greater percentage of total revenues than it required as a percentage of total expenses. An index of less than 1.0 indicates that football utilized a disproportionate share of total funds. Between 1985 and 1989, average total revenues and expenses of men's athletics increased significantly. For all respondent groups, the resource allocation index for football decreased between 1985 and 1989. With the exception of Division I-A, football continued to utilize a disproportionate share of total funds, as indicated by resource allocation indices less than 1.0 in 1989.

Basketball Revenues and Expenses

Trends in men's basketball revenues and expenses were summarized in Tables 2.14 and 3.14, respectively. Actual men's basketball profits and deficits were determined by comparing basketball revenues and basketball expenses of each respondent. Men's basketball revenues include amounts derived from all activities directly related to this sport. Men's basketball expenses include amounts directly related to basketball without any alloca-

tion of general overhead costs.

Actual men's basketball profits and deficits in 1981, 1985 and 1989 are analyzed in Table 4.9. For all Divisions I and II respondent groups, average basketball profits and losses increased significantly between 1981 and 1989. In Division I-A, 34 percent of respondents reported basketball deficits in 1989. The largest operating profits and deficits in men's basketball during 1989 are shown by the following schedule, with dollar amounts in thousands.

Basketball Profits and Deficits (\$000)	Largest Amounts Reported (1989)	
	Basketball Profit	Basketball Deficit
Division I-A	\$4,652	\$606
Division I-AA	1,695	525
Division I-AAA	2,257	475
Division II-FB	118	199
Division II-No FB	28	208
Division III-FB	35	117
Division III-No FB	1	73

The relative profitability of men's basketball for many Division I-A respondents is indicated by the

TABLE 4.6
FREQUENCY DISTRIBUTIONS FOR MEN'S OPERATING DEFICITS*

Fiscal Year 1989
(Dollar Amounts in Thousands)

Division I-A			Division I-AA			Division I-AAA		
More Than	Less Than	Number	More Than	Less Than	Number	More Than	Less Than	Number
\$ 0	\$ 300	3	\$ 0	\$ 300	4	\$ 0	\$ 150	3
300	600	2	300	600	6	150	300	5
600	900	2	600	900	1	300	450	4
900	1,200	1	900	1,200	2	450	600	4
1,200	1,500	2(M)	1,200	1,500	3(M)	600	750	4(M)
1,500	1,800	0	1,500	1,800	2	750	900	1
1,800	2,100	1	1,800	2,100	0	900	1,050	2
2,100	2,400	2	2,100	2,400	0	1,050	1,200	6
2,400	2,700	0	2,400	2,700	2	1,200	1,350	2
2,700		3	2,700		4	1,350		2
		<u>16</u>			<u>24</u>			<u>33</u>
II With Football			II-No Football			III With Football		
More Than	Less Than	Number	More Than	Less Than	Number	More Than	Less Than	Number
\$ 0	\$ 100	7	\$ 0	\$ 75	1	\$ 0	\$ 60	1
100	200	3	75	150	2	60	120	14
200	300	3	150	225	1	120	180	8
300	400	1	225	300	5	180	240	11
400	500	2	300	375	5(M)	240	300	10
500	600	2(M)	375	450	0	300	360	13(M)
600	700	6	450	525	2	360	420	7
700	800	3	525	600	2	420	480	2
800	900	5	600	675	1	480	540	2
900		6	675		2	540		12
		<u>38</u>			<u>21</u>			<u>80</u>
III-No Football								
More Than	Less Than	Number				More Than	Less Than	Number
\$ 0	\$ 30	3				\$ 0	\$ 30	3
30	60	4				30	60	4
60	90	5				60	90	5
90	120	6				90	120	6
120	150	6				120	150	6
150	180	2(M)				150	180	2(M)
180	210	1				180	210	1
210	240	1				210	240	1
240	270	3				240	270	3
270		6				270		6
		<u>37</u>						<u>37</u>

* Operating deficit is defined as the excess of total expenses over total revenues.
(M) Indicates interval corresponding with average men's operating deficit for 1989.

average 1989 profit of \$1,167,000, which exceeds the \$238,000 average deficit and the largest reported deficit of \$606,000.

Frequency distributions for men's basketball profits in Division I-A are presented in Table 4.10. Frequency distributions for men's basketball deficits in 1989 are summarized in Table 4.12.

As a summary of the revenue and expense relationships for basketball, the following tabulation compares the percentage of men's total revenues provided by basketball with the percentage of men's

total expenses related to basketball in 1985 and 1989.

The resource allocation index measures the proportionate relationship between share of men's total revenues provided by basketball and share of men's total expenses related to basketball. For example, the 1989 resource allocation index for Division I-AAA is 1.18, which is the 45 percent share of men's revenues divided by the 38 percent share of men's total expenses. An index of 1.0 or greater indicates that basketball provided a greater

Respondent Category	Percentage of Men's Total Revenues and Expenses Related to Basketball				Resource Allocation Index	
	Revenues		Expenses		1985	1989
	1985	1989	1985	1989		
Division I-A	15%	18%	10%	12%	1.50	1.50
Division I-AA	16	16	13	17	1.23	.94
Division I-AAA	51	45	36	38	1.42	1.18
Division II-FB	15	9	16	14	.94	.64
Division II-No FB	22	14	32	26	.69	.54
Division III-FB	39	11	16	10	2.44	1.10
Division III-No FB	26	3	18	14	1.44	.21

TABLE 4.7
FREQUENCY DISTRIBUTIONS FOR WOMEN'S OPERATING DEFICITS*
Fiscal Year 1989
(Dollar Amounts in Thousands)

Division I-A			Division I-AA			Division I-AAA		
More Than	Less Than	Number	More Than	Less Than	Number	More Than	Less Than	Number
\$ 0	\$ 300	10	\$ 0	\$ 150	5	\$ 0	\$ 100	7
300	600	13	150	300	8	100	200	6
600	900	10	300	450	6	200	300	3
900	1,200	7	450	600	4	300	400	7
1,200	1,500	13(M)	600	750	10(M)	400	500	2(M)
1,500	1,800	9	750	900	3	500	600	8
1,800	2,100	1	900	1,050	1	600	700	4
2,100	2,400	0	1,050	1,200	0	700	800	4
2,400	2,700	4	1,200	1,350	0	800	900	2
2,700		11	1,350		6	900		5
		<u>78</u>			<u>43</u>			<u>48</u>
II With Football			II-No Football			III With Football		
More Than	Less Than	Number	More Than	Less Than	Number	More Than	Less Than	Number
\$ 0	\$ 50	8	\$ 0	\$ 50	3	\$ 0	\$ 30	7
50	100	4	50	100	3	30	60	13
100	150	7	100	150	4	60	90	11
150	200	6	150	200	4	90	120	8
200	250	4(M)	200	250	5(M)	120	150	10
250	300	8	250	300	1	150	180	15(M)
300	350	4	300	350	3	180	210	7
350	400	1	350	400	1	210	240	2
400	450	1	400	450	3	240	270	2
450		5	450		1	270		10
		<u>48</u>			<u>28</u>			<u>85</u>
III-No Football								
More Than	Less Than	Number				More Than	Less Than	Number
\$ 0	\$ 30	4				\$ 0	\$ 30	4
30	60	6				30	60	6
60	90	14				60	90	14
90	120	4				90	120	4
120	150	8(M)				120	150	8(M)
150	180	2				150	180	2
180	210	0				180	210	0
210	240	4				210	240	4
240	270	1				240	270	1
270		3				270		3
		<u>46</u>						<u>46</u>

* Operating deficit is defined as the excess of total expenses over total revenues.

(M) Indicates interval corresponding with average women's operating deficit for 1989.

TABLE 4.8
OPERATING PROFITS AND DEFICITS IN FOOTBALL

Fiscal Years 1981-1989
(Dollar Amounts in Thousands)

Average Results for Football by NCAA Division	Revenues Exceed Expenses		Expenses Exceed Revenues		Percent Reporting Deficits
	Number of Respondents	Average Profit	Number of Respondents	Average Deficit	
Division I-A					
Fiscal year 1989	47	\$2,771	39	\$638	45%
Fiscal year 1985	60	2,196	27	449	31
Fiscal year 1981	47	1,342	15	251	24
Division I-AA					
Fiscal year 1989	3	166	51	535	94
Fiscal year 1985	12	255	38	416	76
Fiscal year 1981	9	85	21	226	70
II With Football					
Fiscal year 1989	2	37	56	247	97
Fiscal year 1985	3	49	32	176	91
Fiscal year 1981	6	36	34	83	85
III With Football					
Fiscal year 1989	1	27	86	69	99
Fiscal year 1985	4	2	79	56	95
Fiscal year 1981	2	7	60	37	97

TABLE 4.9
OPERATING PROFITS AND DEFICITS IN MEN'S BASKETBALL

Fiscal Years 1981-1989
(Dollar Amounts in Thousands)

Average Results for Basketball by NCAA Division	Revenues Exceed Expenses		Expenses Exceed Revenues		Percent Reporting Deficits
	Number of Respondents	Average Profit	Number of Respondents	Average Deficit	
Division I-A					
Fiscal year 1989	55	\$1,167	28	\$238	34%
Fiscal year 1985	51	743	37	153	42
Fiscal year 1981	35	387	26	88	43
Division I-AA					
Fiscal year 1989	14	321	40	199	74
Fiscal year 1985	16	212	34	137	68
Fiscal year 1981	9	106	18	67	67
Division I-AAA					
Fiscal year 1989	14	511	41	223	75
Fiscal year 1985	9	347	22	149	71
Fiscal year 1981	8	214	12	146	60
II With Football					
Fiscal year 1989	6	39	50	93	89
Fiscal year 1985	5	19	29	67	85
Fiscal year 1981	6	12	34	38	85
II-No Football					
Fiscal year 1989	3	23	27	105	90
Fiscal year 1985	2	14	21	81	91
Fiscal year 1981	2	18	26	60	93
III With Football					
Fiscal year 1989	3	29	82	32	96
Fiscal year 1985	6	92	77	44	93
Fiscal year 1981	3	2	58	32	95
III-No Football					
Fiscal year 1989	1	1	41	24	98
Fiscal year 1985	7	54	37	20	84
Fiscal year 1981	0	0	15	18	100

percentage of total revenues than it required as a percentage of total expenses. An index of less than 1.0 indicates that basketball utilized a disproportionate share of total funds. Except for Division I-A, the resource allocation index of all respondent groups decreased between 1985 and 1989, which indicates the relative impact of increases in men's basketball expenses.

Factors Explaining Expense Trends

An objective of this report is to identify factors, conditions or developments that explain the general trends in revenues and expenses. The impact of inflation on revenue and expense trends was explained in Chapters II and III. The general causes of increases in total operating expenses include: (1) uncontrollable inflationary effects; (2) expansion of the athletics program by adding more sports, hiring

more personnel and allowing more athletes to participate, and (3) increases in cost of equipment, travel and other services that exceeded changes in the general price level. These causes of increased expenses are quantitatively evaluated for each respondent group.

Analysis of Significant Factors

Respondents were asked to evaluate the relevance of several factors as potential explanations of increased operating expenses at their institutions. Specifically, they were to indicate each factor that was considered to be significantly responsible for increased annual operating expenses between 1985 and 1989. The following factors were evaluated (Part I, Question 8):

- a) Increased squad size in one or more men's

TABLE 4.10
FREQUENCY DISTRIBUTIONS FOR FOOTBALL
AND MEN'S BASKETBALL OPERATING PROFITS*
Fiscal Year 1989
(Dollar Amounts in Thousands)

Football Division I-A			Basketball Division I-A		
More Than	Less Than	Number	More Than	Less Than	Number
\$ 0	\$ 500	5	\$ 0	\$ 250	12
500	1,000	6	250	500	9
1,000	1,500	7	500	750	4
1,500	2,000	5	750	1,000	4
2,000	2,500	2	1,000	1,250	6(M)
2,500	3,000	6(M)	1,250	1,500	3
3,000	3,500	5	1,500	1,750	3
3,500	4,000	0	1,750	2,000	5
4,000	4,500	1	2,000	2,250	2
4,500		10	2,250		7
		<u>47</u>			<u>55</u>

Basketball Division I-AA			Basketball Division I-AAA		
More Than	Less Than	Number	More Than	Less Than	Number
\$ 0	\$ 75	4	\$ 0	\$ 125	7
75	150	3	125	250	1
150	225	2	250	375	1
225	300	1	375	500	0
300	375	1(M)	500	625	1(M)
375	450	1	625	750	0
450	525	0	750	875	0
525	600	0	875	1,000	1
600	675	0	1,000	1,125	0
675		2	1,125		3
		<u>14</u>			<u>14</u>

* Operating profit is defined as the excess of total revenues over total expenses.

(M) Indicates interval corresponding with average operating profit for 1989.

- sports,
- b) Program expansion into men's sports not offered previously,
 - c) Increased number of coaching personnel for men's sports,
 - d) Increased number of grants-in-aid awarded in men's sports,
 - e) Increased recruiting costs in men's sports,
 - f) Increased annual cost of a full grant-in-aid,
 - g) Increased base salaries for athletics department personnel,
 - h) Increased commercial air fares for team travel,
 - i) Expansion of plant facilities used in athletics program,
 - j) Program expansion into women's sports not offered previously,
 - k) Increased number of coaching personnel for women's sports, and
 - l) Increased number of grants-in-aid awarded in women's sports.

The tabulation at right indicates the rank-order sequence of those factors identified by 50 percent or more of the respondents in each class. Rank order was determined by the specific factors that were identified by the largest percentage of responding institutions. Thus, if item (f) was indicated by 100 percent of the Division I-AA respondents, then item (f) would be ranked first by a (1) in the Division I-AA column across from item (f). If an item was indicated by less than 50 percent of the respondents, this condition is noted by (x) in the rank column.

The tabulation shows that less than 50 percent of Division I-A respondents attributed any significance to factors (a), (b), (c), (d) and (j). Of the factors indicated by more than 50 percent of Division I-A respondents, item (f) was designated most often, followed by the remaining items as shown by sequence numbers 2 through 7 in the Division I-A column. Results for each respondent group can be read and evaluated in a similar manner.

TABLE 4.11
FREQUENCY DISTRIBUTIONS FOR FOOTBALL OPERATING DEFICITS*
Fiscal Year 1989
(Dollar Amounts in Thousands)

Division I-A			Division I-AA		
More Than	Less Than	Number	More Than	Less Than	Number
\$ 0	\$ 150	5	\$ 0	\$ 100	4
150	300	6	100	200	5
300	450	2	200	300	0
450	600	7	300	400	8
600	750	2(M)	400	500	13
750	900	9	500	600	7(M)
900	1,050	4	600	700	3
1,050	1,200	0	700	800	4
1,200	1,350	1	800	900	1
1,350		3	900		6
		<u>39</u>			<u>51</u>

II With Football			III With Football		
More Than	Less Than	Number	More Than	Less Than	Number
\$ 0	\$ 50	8	\$ 0	\$ 15	4
50	100	5	15	30	15
100	150	8	30	45	7
150	200	7	45	60	20
200	250	3(M)	60	75	8(M)
250	300	4	75	90	11
300	350	3	90	105	7
350	400	6	105	120	3
400	450	5	120	135	2
450		7	135		9
		<u>56</u>			<u>86</u>

* Operating deficit is defined as the excess of total expenses over total revenues.

(M) Indicates interval corresponding with average operating deficit for 1989.

Causes of Increased Expenses

Rank Order of Factors by Respondent Group

Related to Men's Sports:	Division I			Division II		Division III	
	A	AA	AAA	FB	No	FB	No
a) increased squad size	x	x	x	x	x	x	x
b) addition of new sports	x	x	x	x	x	x	x
c) more coaching personnel	x	x	x	x	x	4	x
d) more grants-in-aid	x	x	6	x	6	x	x
e) increased recruiting costs	3	3	5	5	x	x	x
Men's and Women's Sports:							
f) higher cost of annual grant	1	1	2	1	1	x	x
g) increased salaries of personnel	2	2	3	2	2	1	1
h) increased air fares	4	x	7	x	x	x	x
i) expanded plant facilities	6	x	x	x	x	x	x
Related to Women's Sports:							
j) addition of new sports	x	x	x	x	5	3	3
k) more coaching personnel	5	5	4	4	4	2	2
l) more grants-in-aid	7	4	1	3	3	x	x

By constructing a rank-value index for each causal factor, it is possible to generalize about the combined frequency and rank order of the most important causes of increased annual operating expenses. All respondents were included in this analysis, and the five most significant causes of

increased operating expenses between 1985 and 1989 were determined to be:

1. Increased salaries of personnel (item g),
2. More coaching personnel for women's sports (item k),
3. Higher cost of an annual grant-in-aid (item

TABLE 4.12
FREQUENCY DISTRIBUTIONS FOR MEN'S BASKETBALL OPERATING DEFICITS*
Fiscal Year 1989
(Dollar Amounts in Thousands)

Division I-A			Division I-AA			Division I-AAA		
More Than	Less Than	Number	More Than	Less Than	Number	More Than	Less Than	Number
\$ 0	\$ 50	2	\$ 0	\$ 40	2	\$ 0	\$ 50	3
50	100	4	40	80	2	50	100	6
100	150	2	80	120	3	100	150	3
150	200	6	120	160	12	150	200	7
200	250	5(M)	160	200	8(M)	200	250	6(M)
250	300	2	200	240	3	250	300	5
300	350	1	240	280	3	300	350	6
350	400	2	280	320	1	350	400	1
400	450	0	320	360	1	400	450	2
450		4	360		5	450		2
		<u>28</u>			<u>40</u>			<u>41</u>
II With Football			II-No Football			III With Football		
More Than	Less Than	Number	More Than	Less Than	Number	More Than	Less Than	Number
\$ 0	\$ 20	7	\$ 0	\$ 20	3	\$ 0	\$ 6	3
20	40	3	20	40	3	6	12	14
40	60	7	40	60	3	12	18	11
60	80	4	60	80	0	18	24	9
80	100	4(M)	80	100	3	24	30	11
100	120	7	100	120	4(M)	30	36	8(M)
120	140	8	120	140	2	36	42	5
140	160	4	140	160	3	42	48	7
160	180	4	160	180	2	48	54	4
180		2	180		4	54		10
		<u>50</u>			<u>27</u>			<u>82</u>
								<u>41</u>

* Operating deficit is defined as the excess of total expenses over total revenues.
(M) Indicates interval corresponding with average operating deficit for 1989.

Opinion Concerning Effect of Increased Expenses	Percentage of Respondents Expressing Opinion						
	I-A	I-AA	I-AAA	II-FB	No II-FB	III-FB	No III-FB
Q-9a) Serious methods are needed to control expenses							
1989 survey	88%	82%	70%	53%	55%	24%	13%
1985 survey	92	88	77	57	46	49	31
Q-9b) Not of major concern because revenues also have increased							
1989 survey	5%	11%	7%	3%	0%	4%	0%
1985 survey	3	9	0	0	4	0	4
Q-9c) Not serious because revenues are not intended to cover all operating expenses							
1989 survey	5%	7%	21%	33%	27%	41%	34%
1985 survey	3	2	20	27	29	34	35
Q-9d) Not serious and is explained by general inflationary trends alone							
1989 survey	2%	0%	5%	8%	15%	32%	47%
1985 survey	2	1	3	16	21	17	30

TABLE 4.13
GENERAL FORMAT FOR ANALYSIS OF INCREASING EXPENSES

From Fiscal Year 1985 to Fiscal Year 1989

Analysis of Division I-A Expenses	Fiscal Years		Increase
	1985	1989	
Division I-A Respondents			
Average total expenses	\$6,894,000	\$9,646,000	\$2,752,000
Average number of athletes	434	468	34
Operating expenses per athlete	\$15,885	\$20,611	\$4,726
Average consumer price index	100%	115%	15%

The increase in average total expenses of \$2,752,000 is divided into three categories as follows:

(1) Effect of more athletes:			
Increase in number of athletes		34	
Expenses per athlete in 1985	x \$15,885		\$540,000
(2) Effects of inflation:			
Average expenses in 1985		\$6,894,000	
Expected normal increase (1985...1989)	x .15		1,034,000
(3) Other price changes:			
Increase in expenses per athlete		\$4,726	
Number of athletes in 1989	x 468		
Effect of higher per-capita expenses		2,212,000	
Less: effect of inflation per above		(1,034,000)	
Inflation-adjusted price effects			1,178,000
Increase in average total expenses			\$2,752,000

The measurement techniques produce three effects that explain the increase in average total expenses between 1985 and 1989:

Summary of Division I-A Expense Increase	Amount	Percentage of Total Change
(1) Effect of more athletes, more activity and general program expansion	\$540,000	20%
(2) Effect of inflation and uncontrollable price increases related to maintaining existing programs	1,034,000	37%
(3) Effect of more goods and services per athlete, general quality improvements and effects of price changes that exceed general inflationary trends	1,178,000	43%
Increase in average total expenses	\$2,752,000	100%
Four-year increase in average expenses	+ 40%	

- f).
4. More grants-in-aid in women's sports (item l), and
5. Increased recruiting costs in men's sports (item e).

In addition to evaluating specific factors causing increased operating expenses, respondents selected one statement that best described their opinion regarding the significance of increased expenses for athletics programs (Part I, Question 9). The response summary at the top of page 64 indicates that most respondents still consider the increasing expenses of athletics programs to be a serious problem. Of all respondents, 54 percent expressed this "serious problem" opinion in 1989 compared with 62 percent expressing this opinion in 1985. An increased percentage of each respondent group selected Q-9c, "The problem is not of major concern because revenues derived from intercollegiate ath-

letics are not intended to cover all operating expenses." These changes are consistent with the diminished effects of inflation between 1985 and 1989. These changes also are consistent with the fact that numerous policies have been adopted in recent years to control or reduce the operating expenses of athletics programs.

Expense Analysis Summary

As a summary of the many cause-and-effect relationships that contributed to increased operating expenses between 1985 and 1989, it is possible to separate an increase in average expenses into three categories:

1. Expense increase attributed to more athletes, more activity and general program expansion. Alternatively, this could be expense reduction related to fewer athletes,

TABLE 4.14
SUMMARY OF CHANGES IN AVERAGE TOTAL EXPENSES
Between Fiscal Years 1985 and 1989

Factors Explaining Expense Increase	I-A	I-AA	I-AAA	Division II		Division III	
				With FB	No FB	With FB	No FB
More athletes, more activity, and general program expansion							
Increase (decrease)	\$540,000	(\$227,000)*	\$28,000	(\$135,000)*	(\$140,000)*	(\$13,000)*	(\$11,000)*
Percent of total increase	20%	-26%	3%	-47%	-56%	-11%	-9%
Inflationary effects and uncontrollable price increases related to maintaining existing programs							
Dollar amount	\$1,034,000	\$348,000	\$161,000	\$131,000	\$82,000	\$60,000	\$24,000
Percent of total increase	37%	40%	19%	46%	33%	50%	20%
More goods and services per athlete, quality improvements, and effects of price factors that exceed general inflationary effects							
Dollar amount	\$1,178,000	\$749,000	\$650,000	\$290,000	\$308,000	\$74,000	\$108,000
Percent of total increase	43%	86%	78%	101%	123%	61%	89%
Increase in average expenses (100%)	<u>\$2,752,000</u>	<u>\$870,000</u>	<u>\$839,000</u>	<u>\$286,000</u>	<u>\$250,000</u>	<u>\$121,000</u>	<u>\$121,000</u>
Reconciliation of expense increase:							
Average expense in 1989 (000)	\$9,646	\$3,191	\$1,911	\$1,161	\$797	\$518	\$278
Average expense in 1985 (000)	(6,894)	(2,321)	(1,072)	(875)	(547)	(397)	(157)
Increase in average expenses	\$2,752	\$870	\$839	\$286	\$250	\$121	\$121
Percentage increase 1985 to 1989	40%	37%	78%	33%	46%	30%	77%

*Expense reduction related to decrease in average number of athletes (fewer athletes, less activity, general program contraction).

less activity and general program contraction;

2. Expense increase attributed to inflationary effects and uncontrollable price increases related to maintaining existing programs, and
3. Expense increase attributed to more goods and services per athlete, general quality improvements and effects of price changes that exceed general inflationary trends.

This process of analyzing the increase in expenses assigns the change in expenses to an activity or expansion factor (1) and to price factors (2) and (3). The number of participating athletes is used as a measure of program activity. Because of the significance of general price-level trends, the effect of inflation is identified separately. Between 1985 and 1989, the average Consumer Price Index increased 15 percent, which is used to measure the expected increase in expenses between 1985 and 1989. To illustrate the format employed, the increase in average total expenses of Division I-A respondents is analyzed and explained in Table 4.13. This analysis shows that increased expenses of Division I-A respondents were caused by program expansion (20 percent), general inflation (37 percent) and price changes exceeding inflation (43 percent).

The increase in average total expenses between 1985 and 1989 for each respondent group is analyzed in Table 4.14. Using the same procedures applied in the Division I-A illustration, the increase in average total expenses of each respondent group was divided into three categories: program expansion (contraction), effect of inflation and price changes exceeding inflationary trends. During the four-year period 1985-1989, the general price level as measured by the average Consumer Price Index increased 15 percent. In evaluating the increase in average total expenses between 1985 and 1989, a normal cumulative increase in operating expenses would be 15 percent of the 1985 amount. This 15 percent increase in total expenses would be necessary simply to maintain the existing athletics program at the 1985 level of activity. As shown in Table 4.14, the effect of inflation explained a significant

amount of the increase in total expenses for all respondents, ranging from 19 percent for Division I-AAA to 50 percent for Division III With Football. The effect of price changes in excess of inflationary trends was the most significant factor for all respondent groups. The effect of program expansion was a significant factor only for Division I-A.

As a review of revenue and expense relationships, a General Financial Summary for each respondent group is included in Tables 4.15 through 4.21. Significant financial trends, revenue-expense relationships and program activity measures are summarized in one exhibit for each respondent category. The General Financial Summary includes a listing of factors that significantly were responsible for increases in total operating expenses between 1985 and 1989. The qualitative evaluation is based on replies to Questionnaire Part I, Item 8. For each respondent group, there is general agreement between the judgment-related explanations and the quantitative analysis of factors that contributed to increased operating expenses.

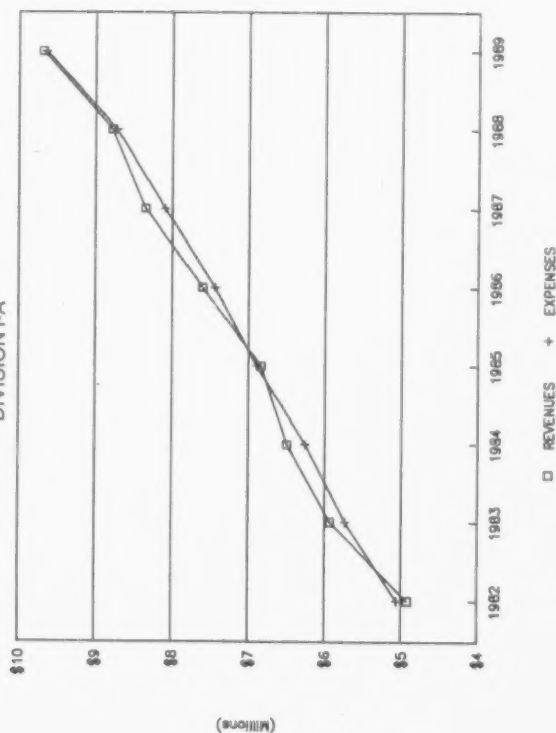
Sources and Uses of Funds

As a concluding presentation, Table 4.22 summarizes the average sources and uses of funds for athletics programs during fiscal year 1989. Funds (meaning cash) are used to pay operating expenses, to pay debt-service requirements and to acquire plant facilities. Revenues of the men's and women's athletics programs are sources of funds. These revenues include earned amounts such as gate receipts and passive revenues such as contributions.

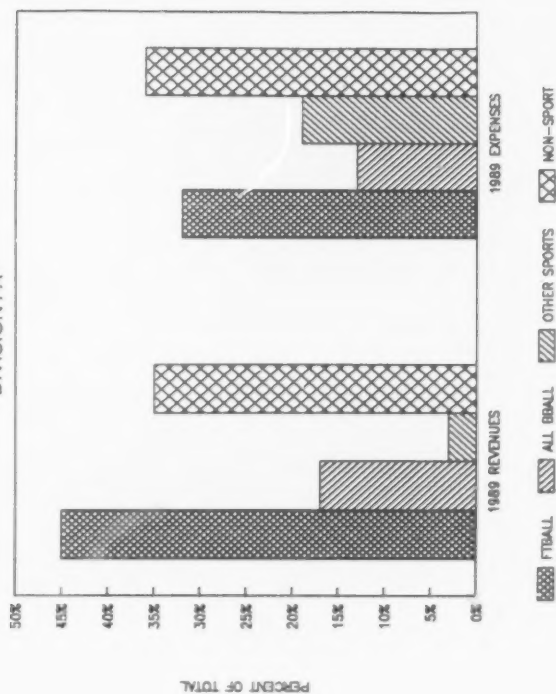
The sources of funds must equal the total amount of funds used. Thus, Table 4.22 shows an item described as "Other Sources of Funds," which is the amount by which uses of funds exceed the combined revenues from men's and women's sports. "Other Sources of Funds" is an approximate measure of the financial assistance required from the institution to balance the total budget for an athletics program. For all respondent groups, the average uses of funds exceeded average revenues from men's and women's programs combined during fiscal year 1989.

TABLE 4.15
GENERAL FINANCIAL SUMMARY
DIVISION I-A RESPONDENTS
(Based on 82% of Division Members)

AVERAGE TOTAL REVENUES AND EXPENSES
DIVISION I-A



REVENUES AND EXPENSES
DIVISION I-A



ORGANIZATION

AND ACTIVITY MEASURES

Average Number of	1989	1985
Intercollegiate Sports	18	19
Participating Athletes	468	434
Coaching Personnel	34	xx
Other FTE Staff	50	xx

INSTITUTIONS REPORTING DEFICITS

Financial Area	1989	1985
Total Program	40%	56%
Men's Athletics	19	35
Football	45	31
Men's Basketball	34	42

PRIMARY CAUSES OF INCREASED EXPENSES

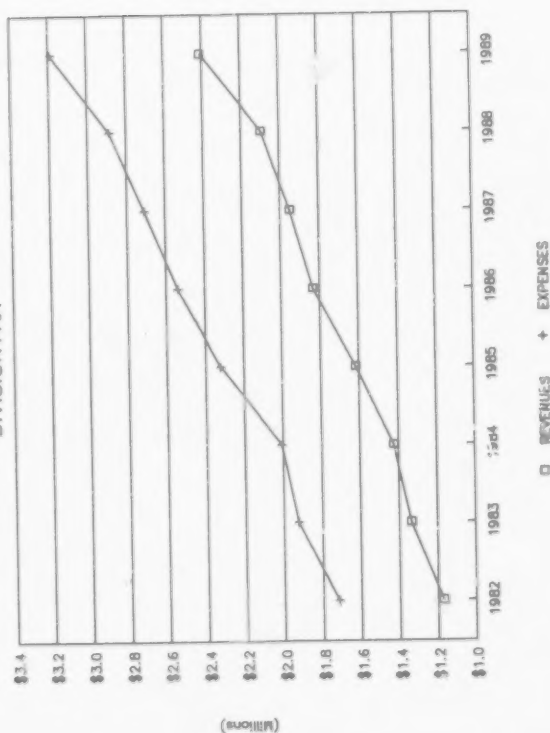
Between 1985 and 1989

Based on Ranked Opinions of Respondents

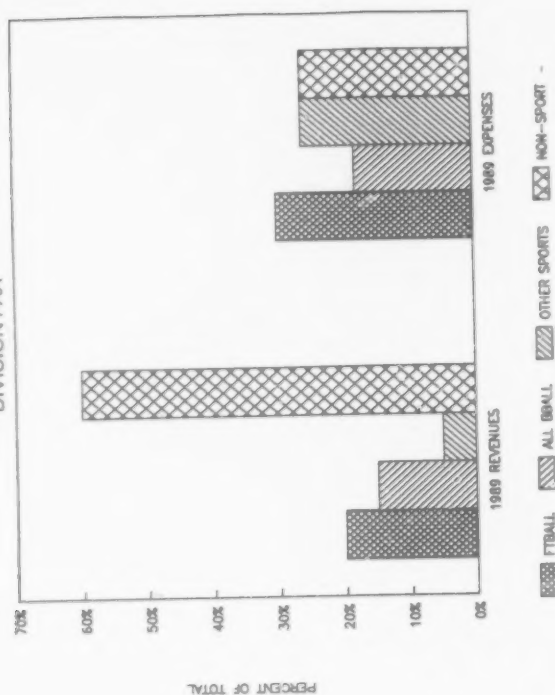
- 1) Higher cost of annual grant-in-aid
- 2) Increased salaries of personnel
- 3) Increased recruiting costs: men's sports
- 4) Increased air fares

TABLE 4.16
GENERAL FINANCIAL SUMMARY
DIVISION I-AA RESPONDENTS
(Based on 62% of Division Members)

AVERAGE TOTAL REVENUES AND EXPENSES
DIVISION I-AA



REVENUES AND EXPENSES
DIVISION I-AA



ORGANIZATION
AND ACTIVITY MEASURES

Average Number of	1989	1985
Intercollegiate Sports	17	20
Participating Athletes	409	369
Coaching Personnel	21	xx
Other FTE Staff	16	xx

INSTITUTIONS REPORTING DEFICITS

Financial Area	1989	1985
Total Program	52%	87%
Men's Athletics	44	54
Football	94	76
Men's Basketball	74	68

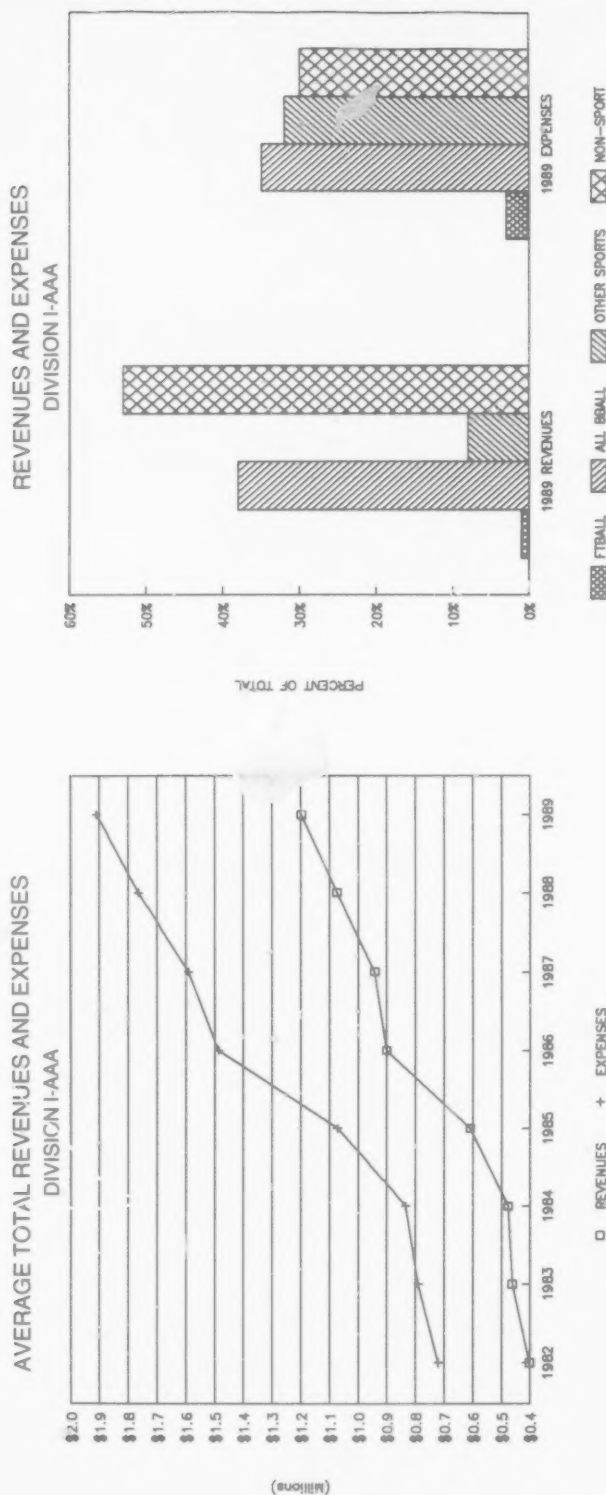
PRIMARY CAUSES OF INCREASED EXPENSES

Between 1985 and 1989

Based on Ranked Opinions of Respondents

- 1) Higher cost of annual grant-in-aid
- 2) Increased salaries of personnel
- 3) Increased recruiting costs: men's sports
- 4) More grants-in-aid: women's sports

TABLE 4.17
GENERAL FINANCIAL SUMMARY
DIVISION I-AAA RESPONDENTS
(Based on 57% of Division Members)



ORGANIZATION

AND ACTIVITY MEASURES

Average Number of	1989	1985
Intercollegiate Sports	17	15
Participating Athletes	239	233
Coaching Personnel	12	xx
Other FTE Staff	11	xx

INSTITUTIONS REPORTING DEFICITS

Financial Area	1989	1985
Total Program	71%	85%
Men's Athletics	60	68
Men's Basketball	75	71

PRIMARY CAUSES OF INCREASED EXPENSES

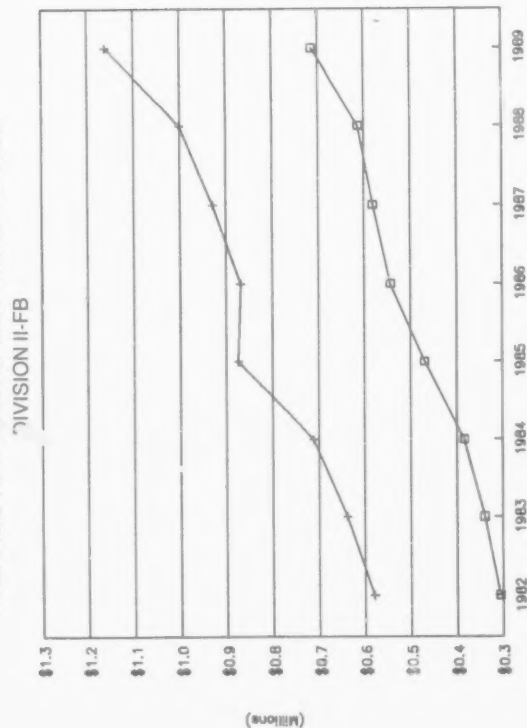
Between 1985 and 1989

Based on Ranked Opinions of Respondents

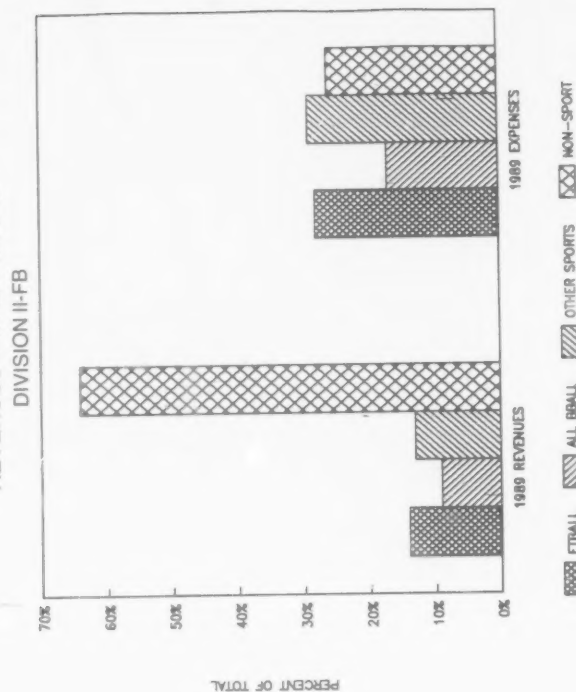
- 1) More grants-in-aid: women's sports
- 2) Higher cost of annual grant-in-aid
- 3) Increased salaries of personnel
- 4) More coaches: women's sports

TABLE 4.18
GENERAL FINANCIAL SUMMARY
DIVISION II-FB RESPONDENTS
(Based on 52% of Division Members)

AVERAGE TOTAL REVENUES AND EXPENSES
DIVISION II-FB



REVENUES AND EXPENSES
DIVISION II-FB



ORGANIZATION

AND ACTIVITY	1989	1985
Average Number of	14	17
Intercollegiate Sports	333	394
Participating Athletics	12	xx
Coaching Personnel	6	xx
Other FTE Staff		

INSTITUTIONS REPORTING DEFICITS

Financial Area	1989	1985
Total Program	67%	89%
Men's Athletics	75	66
Football	97	91
Men's Basketball	89	85

PRIMARY CAUSES OF INCREASED EXPENSES

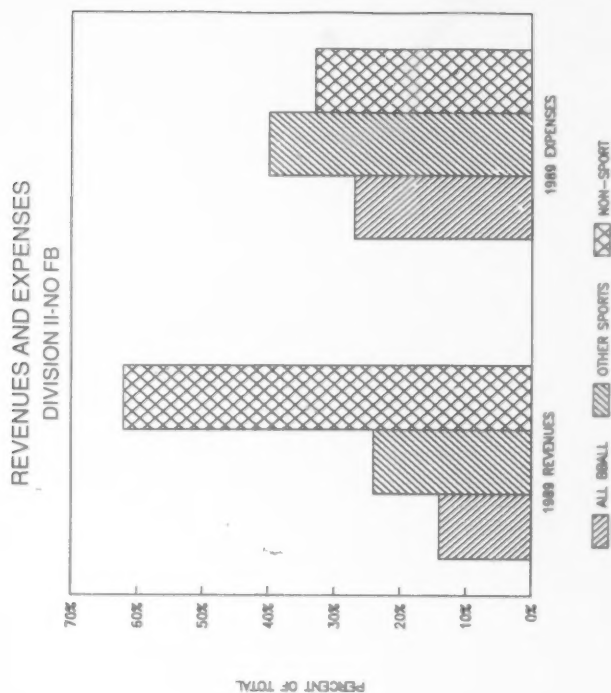
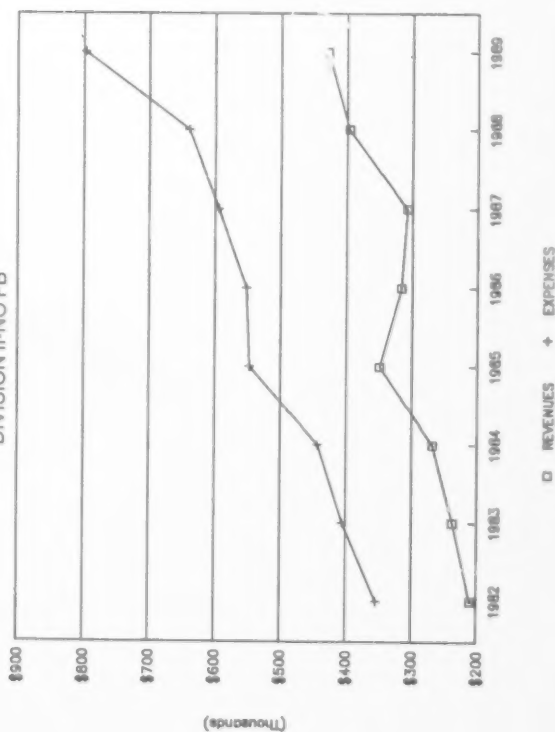
Between 1985 and 1989

Based on Ranked Opinions of Respondents

- 1) Higher cost of annual grant-in-aid
- 2) Increased salaries of personnel
- 3) More grants-in-aid: women's sports
- 4) More coaches: women's sports

TABLE 4.19
GENERAL FINANCIAL SUMMARY
DIVISION II-NO FB RESPONDENTS
(Based on 44% of Division Members)

AVERAGE TOTAL REVENUES AND EXPENSES
DIVISION II-NO FB



ORGANIZATION

AND ACTIVITY MEASURES

Average Number of	1989	1985
Intercollegiate Sports	11	15
Participating Athletes	174	234
Coaching Personnel	7	xx
Other FTE Staff	5	xx

INSTITUTIONS REPORTING DEFICITS

Financial Area	1989	1985
Total Program	67%	84%
Men's Athletics	68	58
Men's Basketball	90	91

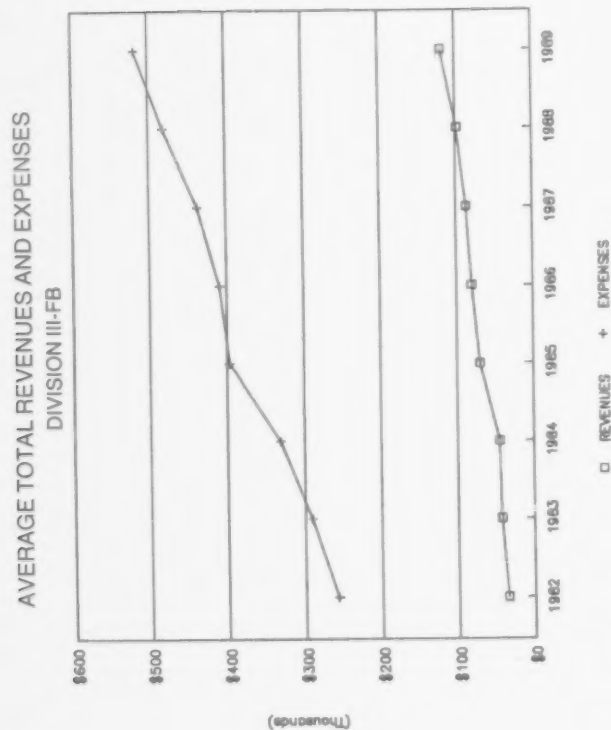
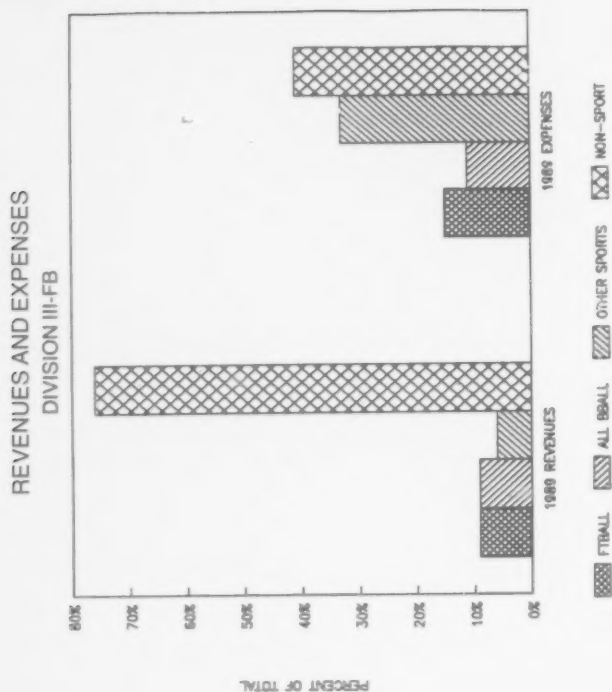
PRIMARY CAUSES OF INCREASED EXPENSES

Between 1985 and 1989

Based on Ranked Opinions of Respondents

- 1) Higher cost of annual grant-in-aid
- 2) Increased salaries of personnel
- 3) More grants-in-aid: women's sports
- 4) More coaches: women's sports

TABLE 4.20
GENERAL FINANCIAL SUMMARY
DIVISION III-FB RESPONDENTS
(Based on 47% of Division Members)



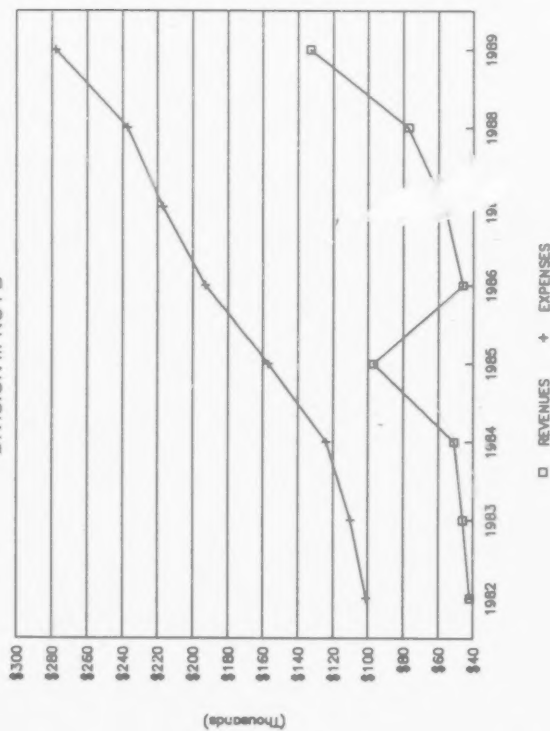
PRIMARY CAUSES OF INCREASED EXPENSES
Between 1985 and 1989
Based on Ranked Opinions of Respondents

- 1) Increased salaries of personnel
- 2) More coaches: women's sports
- 3) Addition of new sports: women's sports
- 4) More coaches: men's sports

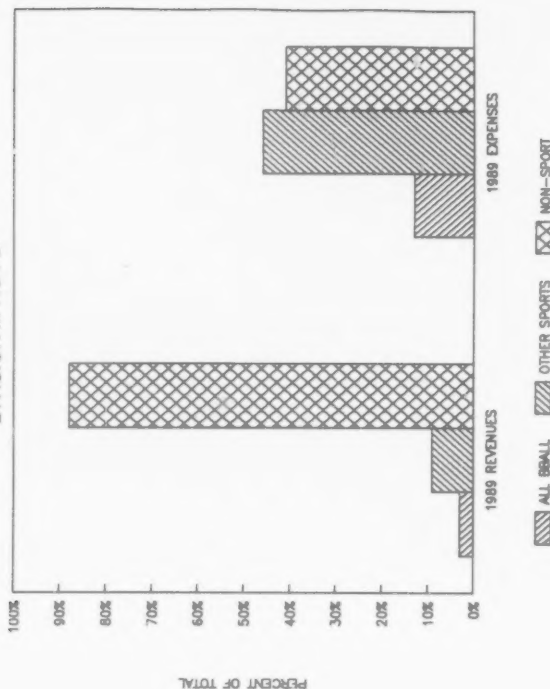
ORGANIZATION AND ACTIVITY MEASURES		INSTITUTIONS REPORTING DEFICITS	
Average Number of	1989	1985	1985
Intercollegiate Sports	18	19	98%
Participating Athletes	387	400	92
Coaching Personnel	11	xx	95
Other FIE Staff	5	xx	93

TABLE 4.21
GENERAL FINANCIAL SUMMARY
DIVISION III-NO FB RESPONDENTS
(Based on 60% of Division Members)

AVERAGE TOTAL REVENUES AND EXPENSES
DIVISION III-NO FB



REVENUES AND EXPENSES
DIVISION III-NO FB



ORGANIZATION

AND ACTIVITY MEASURES

Average Number of	1989	1985
Intercollegiate Sports	13	14
Participating Athletes	216	233
Coaching Personnel	6	xx
Other FTE Staff	3	xx

INSTITUTIONS REPORTING DEFICITS

Financial Area	1989	1985
Total Program	78%	89%
Men's Athletics	86	68
Men's Basketball	98	84

PRIMARY CAUSES OF INCREASED EXPENSES

Between 1985 and 1989

Based on Ranked Opinions of Respondents

- 1) Increased salaries of personnel
- 2) More coaches: women's sports
- 3) Addition of new sports: women's sports
- 4) More coaches: men's sports

TABLE 4.22
AVERAGE SOURCES AND USES OF FUNDS FOR AN ATHLETICS PROGRAM

Based on Averages for Fiscal Year 1989
(Dollar Amounts in Thousands)

Annual Amount of Funds Used by an Athletics Program:	I-A	I-AA	I-AAA	Division II		Division III	
				With FB	No FB	With FB	No FB
Operating expenses for men's athletics	\$ 7,882	\$2,421	\$1,296	\$ 854	\$523	\$351	\$179
Operating expenses for women's athletics	1,805	785	618	325	296	168	133
Capital expenditures and debt-service cost (a)	684	41	106	12	1	5	65
Total amount of funds used	<u>\$10,371</u>	<u>\$3,247</u>	<u>\$2,020</u>	<u>\$1,191</u>	<u>\$820</u>	<u>\$524</u>	<u>\$377</u>
Sources of Annual Funds Used by an Athletics Program:							
Revenues from men's athletics	\$ 9,144	\$2,141	\$ 988	\$ 549	\$354	\$ 79	\$ 97
Revenues from women's athletics	621	284	255	175	120	48	48
Other sources of funds (b)	606	822	777	467	346	397	232
Total sources of funds	<u>\$10,371</u>	<u>\$3,247</u>	<u>\$2,020</u>	<u>\$1,191</u>	<u>\$820</u>	<u>\$524</u>	<u>\$377</u>

(a) Adjusted to a per-institution basis to compensate for institutions not reporting this expenditure in 1989.

(b) Other sources is a residual amount necessary to balance total sources, which must equal total uses of funds.

APPENDIX A

QUESTIONNAIRE FOR ANALYSIS OF REVENUES AND EXPENSES OF INTERCOLLEGIATE ATHLETICS PROGRAMS

The questionnaire for this study, which is sponsored by the National Collegiate Athletic Association, consists of three parts:

- PART I—*General Information,*
- PART II—*Organization and Activity Data, and*
- PART III—*Revenue and Expense Information.*

All questions and schedules in this questionnaire refer to the men's and women's intercollegiate athletics programs on a combined basis, unless there are instructions to the contrary.

I. GENERAL INFORMATION

All questions should be considered in relation to intercollegiate athletics and not to physical education, club sports or intramural sports programs. Answer questions based upon your knowledge of intercollegiate athletics at your institution. The name of your institution is not required on any of the following pages. If a particular question is not applicable to your institution, record "NA" in the left-hand margin beside the question.

1. Your institution is primarily (more than 50 percent):
☐ Government supported. ☐ Privately financed.
2. The current NCAA classification of your institution is:
☐ Division I-A. ☐ Division I-AA. ☐ Division I-AAA.
☐ Division II With Football. ☐ Division III With Football.
☐ Division II With No Football. ☐ Division III With No Football.
3. At your institution, do intercollegiate athletics (mark [x] one or more):
☐ a. Obtain financial assistance from the general operating funds of the institution in deficit years?
☐ b. Rely upon general operating funds of the institution to absorb certain expenses such as travel and salaries?
☐ c. Receive financial support from the institution to sustain nonrevenue-producing sports?
☐ d. Operate on a self-supporting basis within the limits provided by revenues from athletics?
4. Mark (x) the statement below that *best* describes the fiscal objectives of intercollegiate athletics at your institution:
☐ a. To earn a profit in order to expand the athletics program.
☐ b. To earn a profit in order to support nonathletics activities sponsored by the institution.
☐ c. To earn sufficient revenues to cover the expenses of athletics programs.
☐ d. To earn as much revenue as possible with any deficit in athletics covered by general operating funds of the institution.

5. For your major sports, are admission rights, by ticket or other means, assessed to students on a mandatory basis through fees collected during student registration?

_____ Yes _____ No

6. Is some portion of a general activity fee paid by students allotted to the athletics department without entitling students to admission to athletics events?

_____ Yes _____ No

7. Does your institution award grants-in-aid to student-athletes?

(The term "grants-in-aid" refers to any institutionally administered financial aid awarded to a student who has been recruited on the basis of athletics ability, or any athletically related financial aid provided to a student-athlete regardless of recruitment.)

_____ Yes _____ No

8. Mark (x) each of the following factors that you believe, since 1985, to be *significantly* responsible for increasing annual operating expenses of the athletics program at your institution:

- _____ a. Increased squad size in one or more men's sports.
- _____ b. Program expansion into men's sports not offered previously.
- _____ c. Increased number of coaching personnel for men's sports.
- _____ d. Increased number of grants-in-aid awarded in men's sports.
- _____ e. Increased recruiting costs in men's sports.
- _____ f. Increased annual cost of a full grant-in-aid.
- _____ g. Increased base salaries for athletics department personnel.
- _____ h. Increased commercial air fares for team travel.
- _____ i. Expansion of plant facilities used in athletics program.
- _____ j. Program expansion into women's sports not offered previously.
- _____ k. Increased number of coaching personnel for women's sports.
- _____ l. Increased number of grants-in-aid awarded in women's sports.

9. Concerning the problem of rising costs of intercollegiate athletics, mark (x) the *one* statement that best describes the nature of this problem at your institution:

- _____ a. The problem is serious and methods are needed to control major expenses and to eliminate unnecessary costs.
- _____ b. The problem is not of major concern because revenues also have increased in the past few years.
- _____ c. The problem is not of major concern because revenues derived from intercollegiate athletics are not intended to cover all operating expenses.
- _____ d. The problem is not serious and is explained adequately by reference to general inflationary trends alone.

APPENDIX B

Response Summaries— Questionnaire for Analysis of Revenues and Expenses (Part I—General Information)

The following table summarizes replies to Questions 1 through 9 in Questionnaire Part I—General Information (see Appendix A). Replies were tabulated by respondent category and for all respondents collectively. Classification of respondents as *not applicable* was necessary in certain cases. Respondents not awarding grants-in-aid were classified as not applica-

ble for Questions 8d, 8f and 8l. Respondents classified as not applicable and those not answering a question were eliminated before computing the percentage response rates for all questions. Thus, the percentage distribution of replies was computed on the basis that applicable respondents constituted 100 percent.

APPENDIX B QUESTIONNAIRE PART I — GENERAL INFORMATION

Question No.	Answer	Total		Div. I-A		Div. I-AA		Div. I-AAA		Div. II-FB		Div. II-No FB		Div. III-FB		Div. III-No FB	
		N	%	N	%	N	%	N	%	N	%	N	%	N	%	N	%
1	Government	219	48	60	69	44	80	24	43	46	77	16	47	15	15	14	23
	Private	235	52	27	31	11	20	32	57	14	23	18	53	85	85	48	77
2	NCAA Classification	454	100	87	19	55	12	56	12	60	13	34	8	100	22	62	14
3	Indicated (a)	216	48	21	24	27	49	30	54	34	57	16	48	58	58	30	48
	Indicated (b)	288	64	26	30	39	71	33	59	47	78	24	73	73	73	46	74
	Indicated (c)	272	60	32	37	38	69	36	64	41	68	23	70	58	58	44	71
	Indicated (d)	87	19	50	58	10	18	14	25	4	7	3	9	3	3	3	5
4	Indicated (a)	26	6	13	15	4	7	2	4	3	5	3	9	0	0	1	2
	Indicated (b)	2	0	1	1	0	0	1	2	0	0	0	0	0	0	0	0
	Indicated (c)	128	28	60	70	23	42	21	38	11	18	5	15	3	3	5	8
	Indicated (d)	253	56	16	19	32	58	32	57	46	77	23	70	73	73	31	50
5	Yes	206	47	42	49	38	69	35	63	38	63	18	58	21	22	14	24
	No	236	53	43	51	17	31	21	37	22	37	13	42	75	78	45	76
6	Yes	54	12	23	27	8	15	5	9	6	10	2	6	6	6	4	7
	No	391	88	63	73	47	85	51	91	53	90	31	94	89	94	57	93
7	Yes	285	63	83	97	53	96	55	98	58	97	32	97	2	2	2	3
	No	167	37	3	3	2	4	1	2	2	3	1	3	98	98	60	97
8	Indicated (a)	120	27	13	15	12	22	11	20	8	13	8	24	46	46	22	35
	Indicated (b)	74	16	6	7	5	9	9	16	6	10	8	24	16	16	24	39
	Indicated (c)	184	41	31	36	18	33	23	41	18	30	14	42	50	50	30	48
	Indicated (d)	116	41	24	29	15	28	37	67	23	40	17	53	0	0	0	0
	Indicated (e)	243	54	66	77	39	71	40	71	30	50	15	45	37	37	16	26
	Indicated (f)	263	93	82	99	51	96	51	93	49	84	30	94	0	0	0	0
	Indicated (g)	326	72	75	87	47	85	42	75	40	67	25	76	62	62	35	56
	Indicated (h)	157	35	59	69	26	47	34	61	17	28	9	27	10	10	2	3
	Indicated (i)	167	37	50	58	18	33	18	32	14	23	6	18	40	40	21	34
	Indicated (j)	194	43	33	38	16	29	27	48	15	25	18	55	54	54	31	50
	Indicated (k)	273	60	54	63	31	56	41	73	32	53	21	64	61	61	33	53
	Indicated (l)	196	69	51	61	33	62	52	95	36	62	24	75	0	0	0	0
9	Indicated (a)	242	54	76	88	45	82	39	69	32	53	18	55	24	24	8	13
	Indicated (b)	20	4	4	5	6	11	4	7	2	3	0	0	4	4	0	0
	Indicated (c)	111	25	4	5	4	7	12	21	20	33	9	27	41	41	21	34
	Indicated (d)	76	17	2	2	0	0	3	5	5	8	5	15	32	32	29	47